

MRC Community Services Inc.
Financial Statements
June 30, 2016

MRC Community Services Inc.
Contents

For the year ended June 30, 2016

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Management's Responsibility

To the Members of MRC Community Services Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 24, 2016



Treasurer

Independent Auditors' Report

To the Members of MRC Community Services Inc.:

We have audited the accompanying financial statements of MRC Community Services Inc., which comprise the statement of financial position as at June 30, 2016, and the statements of operations and changes in net assets and cash flows for the year ended 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 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.

Auditors' 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 auditors' 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

As with many not-for-profit organizations, MRC Community Services Inc. derives revenue from donations, 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 adjustment might be necessary to donations, excess of receipts over disbursements, current assets and unrestricted and restricted net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of MRC Community Services Inc. as at June 30, 2016 and the results of its operations and changes in net assets and its cash flows for the year ended then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Melfort, Saskatchewan

September 24, 2016

MNP LLP

Chartered Professional Accountants

MRC Community Services Inc.
Statement of Financial Position

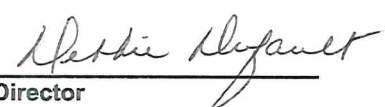
As at June 30, 2016

	2016	2015
Assets		
Current		
Cash	6,797	20,028
Accounts receivable	160	241
Restricted cash (Note 3)	75,887	1,193
Prepaid expenses and deposits	13,796	-
Current portion of long-term investments	16,014	21,594
	112,654	43,056
Long-term investments (Note 4)	30	50
	112,684	43,106
Liabilities		
Current		
Accounts payable and accruals	149	288
Deferred contributions (Note 5)	90,475	21,189
	90,624	21,477
Commitments (Note 8)		
Net Assets		
Net assets	22,060	21,629
	112,684	43,106

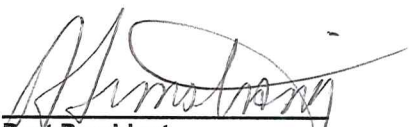
Approved on behalf of the Board



President



Director



Past President



Director

MRC Community Services Inc.
Statement of Operations and Changes in Net Assets
For the year ended June 30, 2016

	2016	2015
Receipts from projects (Schedule 1)	65,351	38,346
Other receipts (Schedule 2)	18,020	18,285
Total receipts	83,371	56,631
Projects		
Farm	6,616	3,828
Sports Weekend	4,860	2,565
Christmas Carol Festival	1,508	1,051
Radio Days	1,353	1,282
Canada Day	900	722
50/50 Kid Sport Raffle	288	119
Corn Roast	115	131
Kidsfest	-	423
Just In Case Books	(254)	1,214
	15,386	11,335
Club Operations		
Donations and miscellaneous	38,940	16,726
Meals	11,294	11,826
District conference	2,523	4,099
Dues - Rotary International	2,340	2,408
Supplies	2,022	2,545
Scholarships	3,950	2,300
Dues - District 5550	1,794	2,223
Professional fees	1,153	1,153
Advertising	984	856
	65,000	44,136
International Services		
Incoming exchange student	2,525	3,870
Outgoing exchange student	29	1,500
	2,554	5,370
Total expenditures	82,940	60,841
Excess (deficiency) of receipts over expenditures	431	(4,210)
Net assets, beginning of year	21,629	25,839
Net assets, end of year	22,060	21,629

The accompanying notes are an integral part of these financial statements

MRC Community Services Inc.
Statement of Cash Flows
For the year ended June 30, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of receipts over expenditures	431	(4,210)
Changes in working capital accounts		
Accounts receivable	82	13
Prepaid expenses and deposits	(13,796)	828
Accounts payable and accruals	(139)	(1,499)
Deferred contributions	69,286	(2,500)
	55,864	(7,368)
Investing		
Withdrawal of investments	5,828	2,000
Increase in equity investments	-	(20)
Increase in investments	(229)	(321)
	5,599	1,659
Increase (decrease) in cash resources	61,463	(5,709)
Cash resources, beginning of year	21,221	26,930
Cash resources, end of year	82,684	21,221

1. Incorporation and nature of the organization

MRC Community Services Inc. ("the Organization") operates and supports various fundraising and community activities in the Melfort, Saskatchewan area. The Organization is a registered charity and qualifies as a non-profit organization under the Income Tax Act, and as such, is exempt from paying taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Revenue recognition

The Organization 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 recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

The Organization benefits from the donation of contributed services and donated materials from its members. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Capital assets

Capital assets are expensed on acquisition. During the year, there were no capital asset expenditures or disposals.

Measurement uncertainty

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 6).

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year ended.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

MRC Community Services Inc.
Notes to the Financial Statements
For the year ended June 30, 2016

2. Significant accounting policies (Continued from previous page)

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

At each fiscal year-end date, the Organization is required to evaluate whether there are any indication that its financial assets measured at cost and amortized cost are impaired, resulting in a significant adverse change in the expected timing to amount of future cash flows to be generated from the financial asset. As at June 30, 2016, the financial assets are not impaired.

3. Restricted cash and investments

Included in restricted cash is \$75,887 (2015 - \$1,193), of which \$69,786 is restricted for the use of upgrades and enhancements to the rotary park. The remaining \$6,101 is restricted for the use of expenditures in the student exchange program. Additionally, the organization has restricted funds invested in a GIC with a value of \$16,014 which is to be used for expenditures in the student exchange program.

4. Long-term investments

	2016	2015
Measured at cost:		
Co-operative equity	5	25
Credit Union shares	25	25
Term deposit, bearing interest at 1.25%, maturing September 2016	16,014	15,786
Term deposit, bearing interest at 1.30%	-	5,808
	16,044	21,644
Less: current portion	16,014	21,594
	30	50

5. Deferred contributions

During the year ended June 30, 2012, the Organization received a bequest from an individual who restricted its use for expenditures related to the student exchange program. Recognition of this amount as revenue is deferred to periods when the specific expenditures are made. During the year ended June 30, 2016, \$500 (2015 - \$2,500) was spent on the student exchange program.

During the year ended June 30, 2016, the Organization received two grants totalling \$75,000 from two companies who restricted its use for expenditures related to the Rotary Park Improvement program. Recognition of this amount as revenue is deferred to periods when the specific expenditures are made. During the year ended June 30, 2016, \$5,214 was spent on the program. A restricted amount of cash remains in relation to this project. See restricted cash note above.

	2016	2015
Balance, beginning of year	21,189	23,689
Amount received during the year	75,000	-
Less: Amount recognized as revenue during the year	(5,714)	(2,500)
Balance, end of year	90,475	21,189

6. Related party transactions

Included in expenditures for the year are payments made to the District 5550 World Community Service Foundation Inc. for club dues. The organization is related to the District 5550 World Community Service Foundation as the District is the International Rotary Foundation, to which MRC donates its funds to. The Organization is required to pay annual dues to the District to continue to be a member. The payments are recorded at the exchange amount as they are based on negotiated fees.

7. Financial instruments

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 interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

8. Commitments

During the year, the organization committed to purchasing and installing playground equipment at the Rotary Park within the city. An agreement to purchase the equipment, costing \$22,733, was signed by the organization prior to the fiscal year-end; however, delivery of the equipment and installation was not to occur until subsequent to year-end. A \$10,000 deposit was paid to secure the pricing and was recorded as a prepaid expense.

In addition, the remaining \$69,786 deferred contributions for Rotary Park has been committed to be spent on ground work, such as paving paths and other enhancements to be undertaken sometime in fiscal 2017.

9. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

MRC Community Services Inc.
Schedule 1 - Schedule of Receipts from Projects

For the year ended June 30, 2016

	2016	2015
Receipts from projects		
Farm Project	34,078	7,810
Radio Days	11,512	11,362
Saskatchewan Sports	5,760	5,760
Grant Revenue	5,214	-
Sports Weekend	3,247	4,795
Canada Day	3,009	3,894
Christmas Carol Festival	1,678	1,413
50/50 Kid Sport Raffle	628	525
Corn Roast	155	241
Just In Case Books	70	1,770
Kidsfest	-	776
	65,351	38,346

MRC Community Services Inc.
Schedule 2 - Schedule of Other Receipts
For the year ended June 30, 2016

	2016	2015
Other receipts		
Noon luncheon	10,033	10,970
Dues	3,365	3,925
Fines	2,211	2,858
Interest	298	362
Miscellaneous	113	170
District Foundation grants	2,000	-
	18,020	18,285
