

VISIONS OF INDEPENDENCE INC.

Financial Statements

March 31, 2014

June 26, 2014

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Visions of Independence Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the Visions of Independence Inc., which comprise the statement of financial position as at March 31, 2014, the statements of operations and net assets, the changes in net assets, and 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 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.

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 consolidated 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 auditors consider 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Visions of Independence Inc. as at March 31, 2014, and their financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants


VISIONS OF INDEPENDENCE INC.

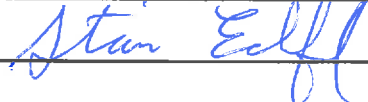
Statement of Financial Position

March 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash (Note 4)	\$ 465,434	\$ 596,478
Accounts receivable	481,670	196,967
GST recoverable	7,418	7,284
Prepaid expenses	4,997	4,997
	<u>959,519</u>	805,726
CAPITAL ASSETS (Note 3)	<u>1,797,086</u>	1,254,169
	<u>\$ 2,756,605</u>	<u>\$ 2,059,895</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 62,094	\$ 7,613
Wages and vacation payable	314,723	170,275
Working capital advance - Manitoba Family Services	145,602	145,602
Jubilee fund loan (Note 5)	51,338	-
Principal due within one year on long-term debt (Note 6)	59,572	279,997
	<u>633,329</u>	603,487
LONG-TERM DEBT (Note 6)	<u>1,208,544</u>	643,599
	<u>1,841,873</u>	1,247,086
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS	568,443	370,006
UNRESTRICTED NET ASSETS	<u>346,288</u>	442,803
	<u>914,732</u>	812,809
	<u>\$ 2,756,605</u>	<u>\$ 2,059,895</u>

APPROVED BY THE BOARD:


 _____ Director


 _____ Director

VISIONS OF INDEPENDENCE INC.

Statement of Operations

Year Ended March 31, 2014

	2014	2013
REVENUE		
Manitoba Family Services (Note 7)	\$ 4,585,164	\$ 4,124,116
Public Trustee	19,160	18,750
Winnipeg Regional Health Authority	97,378	97,221
Rental income	4,320	4,320
Donations	682	12,531
Fundraising and miscellaneous	8,427	5,341
Grants	41,000	18,377
	<u>4,756,131</u>	<u>4,280,656</u>
EXPENDITURES		
Accounting and audit	5,174	6,269
Advertising	434	-
Amortization	81,471	43,733
Bank charges and interest	1,506	5,608
Board expense	6,519	4,159
Christmas party	2,524	-
Consulting and IT support	32,323	36,404
Dues and memberships	4,839	3,665
Employee benefits	408,065	313,489
Food	113,416	113,316
Furniture and equipment	18,458	34,907
Housewares	21,367	23,224
Insurance	19,506	9,004
Interest on long-term debt	41,899	24,649
Legal	5,240	10,992
Leisure and recreation	7,812	6,371
Moving	1,438	3,391
Office supplies and equipment	22,683	22,355
Property taxes	18,973	20,209
Rent	154,950	180,932
Repairs and maintenance	57,623	96,096
Telephone	9,849	10,345
Transportation	45,558	41,553
Union meetings	1,636	2,441
Utilities	83,876	66,835
Wages	3,487,069	3,053,709
	<u>4,654,208</u>	<u>4,133,656</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 101,923</u>	<u>\$ 147,000</u>

VISIONS OF INDEPENDENCE INC.
Statement of Changes in Net Assets
Year Ended March 31, 2014

	2014			2013
	Invested in capital assets	Unrestricted	Total	Total
NET ASSETS				
BALANCE, BEGINNING OF YEAR	\$ 370,006	\$ 442,803	\$ 812,809	\$ 665,809
Excess (deficiency) of revenue over expenditures	(81,471)	183,394	101,923	147,000
Purchase of capital assets	624,388	(624,388)	-	-
Proceeds of long-term debt	(386,651)	386,651	-	-
Repayment of long-term debt	42,171	(42,171)	-	-
BALANCE, END OF YEAR	<u>\$ 568,443</u>	<u>\$ 346,288</u>	<u>\$ 914,732</u>	<u>\$ 812,809</u>

VISIONS OF INDEPENDENCE INC.

Statement of Cash Flow

Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Cash receipts from funders and others	\$ 4,463,784	\$ 4,278,081
Cash paid to supplier and employees	(4,273,062)	(4,037,792)
Interest paid	(41,898)	(24,649)
	<hr/>	<hr/>
Cash flow from operating activities	148,824	215,640
INVESTING ACTIVITIES		
Purchase of capital assets	(624,388)	(780,260)
Cash flow from (used by) investing activities	(624,388)	(780,260)
FINANCING ACTIVITIES		
Proceeds (Repayment) of long-term debt	344,520	530,999
	<hr/>	<hr/>
Cash flow from (used by) financing activities	344,520	530,999
DECREASE IN CASH FLOW	(131,044)	(33,621)
CASH - BEGINNING OF YEAR	596,478	630,099
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CASH - END OF YEAR	\$ 465,434	\$ 596,478

VISIONS OF INDEPENDENCE INC.

Notes to Financial Statements

Year Ended March 31, 2014

1. PURPOSE OF ORGANIZATION

Visions of Independence Inc. was incorporated under the laws of the Province of Manitoba and is a registered charity. The purpose of the organization is to provide housing and other support to individuals with mental handicaps.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. An assumption underlying the preparation of financial statements in accordance with Canadian generally accepted accounting principles is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

Restricted contributions related to operations are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably accrued.

Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Amortization is being provided for by the straight-line method over the following estimated useful lives:

Vehicle	- 5 years
Buildings	- 25 years
Furniture and equipment	- 5 years

Contributed services

Volunteers contribute a significant number of hours to assist Visions of Independence Inc. in its fundraising and governance activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Income taxes

The organization is a not-for-profit entity without capital stock and, as such, is exempt from income taxes

VISIONS OF INDEPENDENCE INC.

Notes to Financial Statements

Year Ended March 31, 2014

3. CAPITAL ASSETS

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 1,645,696	\$ 214,899	\$ 1,183,076	\$ 149,071
Equipment and furniture	160,785	154,735	153,223	153,223
Land	319,098	-	209,910	-
Vehicle	70,651	29,510	25,634	15,380
	\$ 2,196,230	\$ 399,144	\$ 1,571,183	\$ 317,674
Net book value	\$ 1,797,086		\$ 1,254,169	

4. BANK INDEBTEDNESS

At year end the Organization had an operating line of credit from the Cambrian Credit Union for \$100,000 of which \$nil (2013 - \$nil) was drawn down. The line bears interest at prime plus 1.0%. The Organization has provided a General Security Agreement providing for a first fixed and floating charge over all assets. The Organization is required to maintain certain debt to effective equity and debt service ratios that have not been met.

5. JUBILEE FUND LOAN

	2014	2013
Demand loan bearing interest at prime plus 2.0%, repayable with monthly blended payments of \$1,000, open and pre-payable without penalty; secured by registered mortgage	\$ 51,338	\$ -
Current portion	(9,652)	-
	\$ 41,686	\$ -

Principal repayments in the next two years are as follows:

2015	9,652
2016	10,146
2017	10,665
2018	11,211
Thereafter	9,664
Total	\$51,338

VISIONS OF INDEPENDENCE INC.

Notes to Financial Statements

Year Ended March 31, 2014

6. LONG-TERM DEBT

	2014	2013
Mortgage payable, Cambrian Credit Union payable in monthly instalments of \$625 including interest at 4.90%, maturing on June 15, 2016. Secured by land and building.	87,568	90,738
Mortgage payable, Cambrian Credit Union payable in monthly instalments of \$1,149 including interest at 4.90%, maturing on June 21, 2016. Secured by land and building.	160,894	166,718
Mortgage payable, Cambrian Credit Union payable in monthly instalments of \$1,343 including interest at 4.25%, maturing on October 17, 2017. Secured by land and building.	207,351	215,725
Mortgage payable, Cambrian Credit Union payable in monthly instalments of \$1,478 including interest at 3.45%, maturing on October 31, 2018. Secured by land and building.	246,286	252,725
Mortgage payable, Cambrian Credit Union payable in monthly instalments of \$695 including interest at 2.80%, maturing on November 24, 2018. Secured by land and building.	93,734	99,105
Mortgage payable, Cambrian Credit Union payable in monthly instalments of \$695 including interest at 2.80%, maturing on November 24, 2018. Secured by land and building.	93,734	99,105
Mortgage payable, Cambrian Credit Union payable in monthly instalments of \$575 including interest at 4.90%, maturing on August 15, 2018. Secured by land and building.	56,500	-
Mortgage payable, Cambrian Credit Union payable in monthly instalments of \$898 including interest at 2.99%, maturing on August 15, 2018. Secured by land and building.	125,398	-
Mortgage payable, Cambrian Credit Union payable in monthly instalments of \$1,570 including interest at 5.00%, maturing on February 25, 2019. Secured by land and building.	196,651	-
	1,268,116	923,596
Current portion	59,572	279,997
	\$ 1,208,544	\$ 643,599

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VISIONS OF INDEPENDENCE INC.

Notes to Financial Statements

Year Ended March 31, 2014

6. LONG-TERM DEBT (continued)

Principal repayment terms are approximately:

2015	\$	59,572
2016		60,703
2017		63,150
2018		65,704
2019		68,366
Thereafter		950,620
	\$	<u>1,268,116</u>

7. MANITOBA FAMILY SERVICES REVENUE

	<u>2014</u>	<u>2013</u>
Residential services	\$ 3,960,903	\$ 3,617,870
Benefits funding	68,319	68,319
Transportation carrier	23,639	20,658
Day program	403,797	211,564
Payroll tax reimbursement	67,763	60,060
Crisis funding	60,743	145,645
	<u>\$ 4,585,164</u>	<u>\$ 4,124,116</u>

8. NET ASSETS

The Organization's objectives when managing net assets are to safeguard its ability to continue as a going concern, so that it can continue to provide services to members and benefits for other stakeholders, and to price products and services commensurately with the level of risk and market forces and the Organization's objectives.

The Organization sets the amount of net assets in proportion to risk and its ability to obtain funding. The Organization manages its assets and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the structure, the Organization may seek additional sources of funding, sell assets to reduce debt or undertake other activities at its discretion.

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VISIONS OF INDEPENDENCE INC.

Notes to Financial Statements

Year Ended March 31, 2014

8. NET ASSETS *(continued)*

The Organization monitors net assets through direct personal involvement with employees and outside parties and from time-to-time using a variety of measures, depending on the circumstances. Monitoring procedures are typically performed as a part of the overall management of the Organization's operations. Management is aware of risk related to these objectives through the direct personal involvement with employees and outside parties.

During the year, the Organization's strategy, which was unchanged from the prior year, was to maintain its ability, as needed, to operate and to secure access to financing at a reasonable cost, recognizing that the requirements and terms of lenders and funders cannot be predicted and change in ways the Organization cannot predict.

9. RISK MANAGEMENT AND FAIR VALUES

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risk related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Organization has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them are as follows:

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as interest rate cash flow risk, or on the fair value of other financial assets or liabilities, known as interest rate price risk.

Credit risk

Credit risk arises from the possibility that debtors may be unable to fulfil their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Organization has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Organization also may review credit history before establishing credit and reviews credit performance. An allowance for doubtful accounts or other impairment provisions is established based upon factors surrounding credit risk, historical trends and other information.

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VISIONS OF INDEPENDENCE INC.

Notes to Financial Statements

Year Ended March 31, 2014

9. RISK MANAGEMENT AND FAIR VALUES *(continued)*

Fair value

The fair values of the Organization's current financial assets and liabilities-cash, term deposits and accounts payable, approximate their recorded values as at year-end due to their short-term nature.

The fair value of the long-term debt is impacted by changes in market yields which can result in changes in the fair value. The fair value of long-term debt has been estimated based on the current market rates for debt with similar terms and conditions. The estimated fair value of long-term debt as at March 31, 2014 is \$1,277,000 (March 31, 2013 \$831,000).

Fair value is an estimate of the amount at which items might be exchanged in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair value should not be interpreted as an amount that could be realized in immediate settlement of the instruments. The estimate of fair value at year end may not represent fair values at any other date. The determination of fair value is also affected by the use of judgement and by uncertainty.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
