

ENGLISH ONLINE INC.  
FINANCIAL STATEMENTS

MARCH 31, 2015

# ENGLISH ONLINE INC.

## INDEX TO FINANCIAL STATEMENTS

MARCH 31, 2015

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### INDEPENDENT AUDITORS' REPORT

STATEMENT OF FINANCIAL POSITION.....STATEMENT 1

STATEMENT OF REVENUE AND EXPENDITURES .....STATEMENT 2

STATEMENT OF CHANGES IN FUND BALANCES .....STATEMENT 3

STATEMENT OF CASH FLOWS.....STATEMENT 4

### NOTES TO FINANCIAL STATEMENTS

### AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

### SCHEDULES OF REVENUES AND EXPENDITURES

CITIZENSHIP AND IMMIGRATION - MANITOBA.....SCHEDULE 1

CITIZENSHIP AND IMMIGRATION - NATIONAL HEAD QUARTER.....SCHEDULE 2

TUTELA.....SCHEDULE 3

NEW MEDIA LANGUAGE TRAINING.....SCHEDULE 4

PROVINCE OF MANITOBA - DEPARTMENT OF LABOUR AND IMMIGRATION .....SCHEDULE 5

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
English Online Inc.

We have audited the accompanying financial statements of English Online Inc., which comprise the statement of financial position as at March 31, 2015, and the statement of revenue and expenditures, statement of changes in fund balances and 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 the provisions of English Online Inc.'s funding agreements with certain Provincial and Federal Ministries, 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 of 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 audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of English Online Inc. as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with the provisions of English Online Inc. funding agreements with certain Provincial and Federal Ministries.

(continued)

**Basis of Accounting and Restriction on Distribution and Use**

Without modifying our opinion, we draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared to assist English Online Inc. to comply with the financial reporting provisions with certain Provincial and Federal Ministries. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for certain Provincial and Federal Ministries and should not be distributed to or used by parties other than the intended users.

Winnipeg, Manitoba  
September 22, 2015

*Collins Barrow HMA LLP*  
CHARTERED ACCOUNTANTS

# ENGLISH ONLINE INC.


STATEMENT 1

## STATEMENT OF FINANCIAL POSITION

MARCH 31

	2015	2014
<b>ASSETS</b>		
CURRENT		
Cash	\$	\$ 31,824
Accounts receivable (Note 3)	<u>120,606</u>	<u>47,003</u>
	120,606	78,827
CAPITAL ASSETS (Note 4)	<u>69,400</u>	<u>24,302</u>
	<u>\$ 190,006</u>	<u>\$ 103,129</u>
<b>LIABILITIES</b>		
CURRENT		
Bank indebtedness	\$ 63,481	\$
Accounts payable and accrued liabilities (Note 5)	<u>33,401</u>	<u>68,523</u>
	<u>96,882</u>	<u>68,523</u>
<b>FUND BALANCES</b>		
OPERATING FUND (Statement 3)	23,724	10,304
CAPITAL FUND (Statement 3)	<u>69,400</u>	<u>24,302</u>
	<u>93,124</u>	<u>34,606</u>
	<u>\$ 190,006</u>	<u>\$ 103,129</u>

Approved on behalf of the Board

  
Director

  
Director



# ENGLISH ONLINE INC.

STATEMENT 2

## STATEMENT OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

	2015	2014
REVENUE		
Citizenship and Immigration - Manitoba	\$ 646,810	\$ 501,021
Citizenship and Immigration - NHQ	129,883	122,344
Citadel Rock Online	17,150	25,352
New Media Language Training		8,148
Province of Manitoba - Department of Labour and Immigration		2,170
Other revenue	<u>9,998</u>	<u>194</u>
	<u>803,841</u>	<u>659,229</u>
EXPENSES		
Activity Costs	104,760	109,425
Computer - hardware and software	21,840	10,822
Good and services tax expense	5,316	4,740
Office administration	56,161	65,565
Office - core and project	4,085	1,801
Office furniture	2,651	11,954
Professional fees	52,177	26,697
Project administration offset		642
Salaries, wages and benefits	534,384	421,438
Travel	<u>9,047</u>	<u>5,647</u>
	<u>790,421</u>	<u>658,731</u>
EXCESS REVENUE OVER EXPENDITURES	\$ <u>13,420</u>	\$ <u>498</u>

# ENGLISH ONLINE INC.

STATEMENT 3

## STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31

	2015	2014
<b>OPERATING FUND</b>		
BALANCE, <i>beginning of year</i>	\$ 10,304	\$ 9,806
Excess revenue over expenditures ( <i>Statement 2</i> )	<u>13,420</u>	<u>498</u>
BALANCE, <i>end of year</i>	\$ <u>23,724</u>	\$ <u>10,304</u>
<b>CAPITAL FUND</b>		
BALANCE, <i>beginning of year</i>	\$ 24,302	\$ 6,518
Acquisition of capital assets	82,577	31,716
Amortization of capital assets	<u>( 37,479)</u>	<u>( 13,932)</u>
BALANCE, <i>end of year</i>	\$ <u>69,400</u>	\$ <u>24,302</u>

# ENGLISH ONLINE INC.

STATEMENT 4

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2015	2014
CASH FLOWS FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from funders	\$ 685,714	\$ 657,059
Cash paid to suppliers and employees	( 698,442)	( 598,442)
	( 12,728)	58,617
<i>INVESTING ACTIVITY</i>		
Acquisition of capital assets	( 82,577)	( 31,716)
NET INCREASE (DECREASE) IN CASH DURING YEAR	( 95,305)	26,901
CASH, <i>beginning of year</i>	31,824	4,923
CASH, <i>end of year</i>	\$ ( 63,481)	\$ 31,824



# ENGLISH ONLINE INC.

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 1. ORGANIZATION

English Online Inc. was incorporated under the laws of Manitoba as a not-for-profit company without share capital on March 28, 2008.

To provide a comprehensive online environment that brings the best resources, people and technology together to address newcomers' unique needs for settlement and integration into the workplace and the community.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF ACCOUNTING*

These financial statements have been prepared in accordance with the accounting principles stipulated by English Online Inc. with certain Provincial and Federal Ministries for the purpose of satisfying filing requirements. These agreements predominantly reflect Canadian accounting standards for not-for-profit organizations with the exception of the accounting for capital assets as follows:

a) capital asset purchases are expensed in the Statement of Revenue and Expenditures against the related revenue;

b) capital asset amortization is charged directly to Net Assets Invested in Capital Assets.

#### *REVENUE RECOGNITION*

English Online Inc. follows the deferral method in 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.

#### *FUND ACCOUNTING*

In order to ensure observance of limitations and restrictions placed on the use of resources available to the company, the accounts are maintained on a fund accounting basis. These funds are held in accordance with the objectives specified by the members or in accordance with the directives issued by the Board of Directors. Accordingly, resources are classified for accounting and reporting purposes into the following funds.

Operating Fund - reports the assets, liabilities, net assets, revenue and expenditures related to general operations of the company.

Capital Fund - reports the assets, liabilities, net assets, revenue and expenditures related to the capital assets of the company.

#### *CAPITAL ASSETS*

The acquisition costs of capital assets which are not funded from capital sources are charged to operations and matched with the applicable revenue in the year of expenditure. These expenditures are also recorded at cost as an addition to capital assets, with a corresponding increase in Net Assets Invested in Capital Assets.

Capital Assets are amortized annually with a corresponding reduction in Net Assets Invested in Capital Assets. These assets are amortized on the following rates and methods:

Computer equipment	50%	straight-line method
Office furniture	20%	straight-line method

**NOTES TO FINANCIAL STATEMENTS**
**MARCH 31, 2015**
**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**
**FINANCIAL INSTRUMENTS**

English Online Inc. initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

The financial assets subsequently measured at amortized cost include cash, accounts receivable and prepaid expenses. The financial liabilities measured at amortized cost includes bank indebtedness, accounts payable and accrued liabilities.

**USE OF ESTIMATES**

The preparation of financial statements in accordance with the accounting principles stipulated by English Online Inc. with certain Provincial and Federal Ministries requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

**3. ACCOUNTS RECEIVABLE**

	2015	2014
Tutela	\$ 1,750	\$ 9,697
Goods and Service Tax	5,447	2,605
Citizenship and Immigration - Manitoba	60,149	16,972
Citizenship and Immigration - NHQ	50,773	15,013
New Media Language Training		2,716
Other	2,487	-
	<u>\$ 120,606</u>	<u>\$ 47,003</u>

**4. CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net Book Value	
			2015	2014
Computer equipment	\$ 148,722	\$ 90,030	\$ 58,692	\$ 14,136
Office furniture	<u>23,921</u>	<u>13,213</u>	<u>10,708</u>	<u>10,166</u>
	<u>\$ 172,643</u>	<u>\$ 103,243</u>	<u>\$ 69,400</u>	<u>\$ 24,302</u>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2015	2014
Accrued liabilities	\$ 32,103	\$ 24,225
Trade payable and other	<u>1,298</u>	<u>44,298</u>
	<u>\$ 33,401</u>	<u>\$ 68,523</u>

**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2015**

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**6. ECONOMIC DEPENDENCE**

English Online Inc. receives a major portion of its revenue pursuant to a funding arrangement with the Citizenship and Immigration Canada. The ability of the organization to continue its operations strongly depends upon the funding from Citizenship and Immigration Canada or other funding agencies.

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## AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
English Online Inc.

We have audited and reported separately on the financial statements of English Online Inc. as at and for the year ended March 31, 2015.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the company as a whole. This supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Winnipeg, Manitoba  
September 22, 2015

*Collins Barrow HMA LLP*  
CHARTERED ACCOUNTANTS



# ENGLISH ONLINE INC.

SCHEDULE 1

## SCHEDULE OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

### CITIZENSHIP AND IMMIGRATION - MANITOBA

2015

2014

#### REVENUE

Citizenship and Immigration Canada - Manitoba  
Other

\$ 646,810	\$ 501,021
<u>211</u>	<u>-</u>
<u>647,021</u>	<u>501,021</u>

#### EXPENDITURES

Computer - hardware and software  
GST expense  
Office administration  
Office furniture  
Online system development  
Professional fees  
Salaries, wages and benefits  
Travel

21,840	8,169
4,437	3,920
49,966	59,110
2,651	11,954
80,661	96,173
40,476	13,604
436,041	307,248
<u>4,287</u>	<u>843</u>
<u>640,359</u>	<u>501,021</u>

#### EXCESS OF REVENUE OVER EXPENDITURES

\$ <u>6,662</u>	\$ <u>-</u>
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**ENGLISH ONLINE INC.**

SCHEDULE 2

**SCHEDULE OF REVENUE AND EXPENDITURES**

YEAR ENDED MARCH 31

**CITIZENSHIP AND IMMIGRATION - NATIONAL HEAD  
QUARTER**

2 0 1 5

2 0 1 4

## REVENUE

Citizenship and Immigration Canada - NHQ  
Other

\$ 129,883	\$ 122,344
<u>33</u>	<u>-</u>
<u>129,916</u>	<u>122,344</u>

## EXPENDITURES

Activity costs  
Computer - hardware and software  
Goods and services tax expense  
Office administration  
Office - core and project  
Professional fees  
Project administration offset  
Salaries, wages and benefits  
Travel and accommodations

18,733	10,577
	5,747
786	820
3,446	3,361
2,019	1,801
11,701	13,093
	642
88,145	82,205
<u>4,721</u>	<u>4,098</u>
<u>129,551</u>	<u>122,344</u>

## EXCESS OF REVENUE OVER EXPENDITURES

\$ <u>365</u>	\$ <u>-</u>
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# ENGLISH ONLINE INC.

SCHEDULE 3

## SCHEDULE OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

### TUTELA

2 0 1 5

2 0 1 4

#### REVENUE

Citadel Rock Online

\$ 17,150 \$ 25,352

Other

1,810 -18,960 25,352

#### EXPENDITURES

Activity costs

5,115 375

Goods and services tax

92

Office administration

2,750

Office - core and project

2,067

Salaries, wages and benefits

10,198 24,600

Travel

38 37720,260 25,352

#### EXCESS OF EXPENDITURES OVER REVENUE

\$ (1,300) \$ -

# ENGLISH ONLINE INC.

SCHEDULE 4

## SCHEDULE OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

### NEW MEDIA LANGUAGE TRAINING

2015

2014

#### REVENUE

New Media Language Training

\$ -

\$ 8,148

#### EXPENDITURES

Activity costs

250

183

Salaries, wages and benefits

7,386

Travel

-

329

250

7,898

#### EXCESS OF REVENUE OVER EXPENDITURES

\$ (250)

\$ 250

# ENGLISH ONLINE INC.

SCHEDULE 5

## SCHEDULE OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

### PROVINCE OF MANITOBA - DEPARTMENT OF LABOUR AND IMMIGRATION

2015

2014

#### REVENUE

Province of Manitoba - Department of Labour and Immigration  
Other revenue

\$		\$	2,170
	-		195
	-		2,365

#### EXPENDITURES

Training

-	2,117
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#### EXCESS OF REVENUE OVER EXPENDITURES

\$	-	\$	248
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