
ENGLISH ONLINE INC.
FINANCIAL STATEMENTS

MARCH 31, 2018

ENGLISH ONLINE INC.

INDEX TO FINANCIAL STATEMENTS

MARCH 31, 2018

INDEPENDENT AUDITORS' REPORT

STATEMENT OF FINANCIAL POSITION.....	STATEMENT 1
STATEMENT OF CHANGES IN FUND BALANCES	STATEMENT 2
STATEMENT OF REVENUE AND EXPENDITURES	STATEMENT 3
STATEMENT OF CASH FLOWS.....	STATEMENT 4

NOTES TO FINANCIAL STATEMENTS

AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

SCHEDULES OF REVENUES AND EXPENDITURES

IMMIGRATION, REFUGEES AND CITIZENSHIP CANADA - MANITOBA.....	SCHEDULE 1
NEW MEDIA LANGUAGE TRAINING.....	SCHEDULE 2
SYNERGIQ SOLUTIONS	SCHEDULE 3

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, 2018, and the statement of changes in fund balances, revenue and expenditures 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 the provisions of English Online Inc.'s funding agreements with certain 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, 2018, 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 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 Federal Ministries. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for certain Federal Ministries and should not be distributed to or used by parties other than the intended users.

Winnipeg, Manitoba
September 27, 2018

Collins Barrow HMA LLP
Chartered Professional Accountants

ENGLISH ONLINE INC.

STATEMENT 1

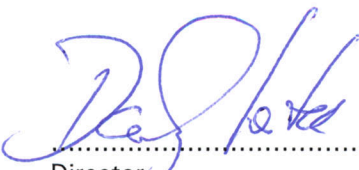
STATEMENT OF FINANCIAL POSITION

MARCH 31

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 68,887	\$ 53,547
Accounts receivable (Note 3)	<u>2,215</u>	<u>10,648</u>
	71,102	64,195
CAPITAL ASSETS (Note 4)	<u>2,217</u>	<u>4,591</u>
	<u>\$ 73,319</u>	<u>\$ 68,786</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 21,612	\$ 28,328
Deferred revenue (Note 6)	<u>4,465</u>	<u>-</u>
	<u>26,077</u>	<u>28,328</u>
CONTINGENT LIABILITY (Note 7)		
FUND BALANCES		
OPERATING FUND (Statement 3)	45,025	35,867
CAPITAL FUND (Statement 3)	<u>2,217</u>	<u>4,591</u>
	<u>47,242</u>	<u>40,458</u>
	<u>\$ 73,319</u>	<u>\$ 68,786</u>

Approved on behalf of the Board


.....
Director


.....
Director

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31

	2018	2017
OPERATING FUND		
BALANCE, <i>beginning of year</i>	\$ 35,867	\$ 30,866
Excess of revenue over expenditures (<i>Statement 2</i>)	<u>9,158</u>	<u>5,001</u>
BALANCE, <i>end of year</i>	\$ <u>45,025</u>	\$ <u>35,867</u>
CAPITAL FUND		
BALANCE, <i>beginning of year</i>	\$ 4,591	\$ 34,350
Acquisition of capital assets	2,000	
Amortization of capital assets	(<u>4,374</u>)	(<u>29,759</u>)
BALANCE, <i>end of year</i>	\$ <u>2,217</u>	\$ <u>4,591</u>

STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED MARCH 31

	2 0 1 8	2 0 1 7
REVENUE		
Immigration, Refugees and Citizenship Canada - Manitoba	\$ 507,894	\$ 558,877
Synergiq Solution (formerly Citadel Rock Online)		200
New Media Language Training	500	500
Other revenue	<u>341</u>	<u>4,210</u>
	<u>508,735</u>	<u>563,787</u>
EXPENSES		
Activity costs	26,724	23,483
Computer - hardware and software	2,940	897
Goods and services tax	2,213	2,541
Office administration	32,276	40,889
Office - core and project	10,411	11,959
Professional fees	27,180	39,447
Salaries, wages and benefits	395,680	436,901
Travel	<u>2,153</u>	<u>2,669</u>
	<u>499,577</u>	<u>558,786</u>
EXCESS OF REVENUE OVER EXPENDITURES	\$ <u><u>9,158</u></u>	\$ <u><u>5,001</u></u>

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 1 8	2 0 1 7
CASH FLOWS FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from funders	\$ 521,328	\$ 563,975
Cash paid to suppliers and employees	(504,293)	(560,963)
Interest received	<u>305</u>	<u>324</u>
	<u>17,340</u>	<u>3,336</u>
<i>INVESTING ACTIVITY</i>		
Acquisition of capital assets	(<u>2,000</u>)	<u>-</u>
NET INCREASE IN CASH DURING YEAR	15,340	3,336
CASH, <i>beginning of year</i>	<u>53,547</u>	<u>50,211</u>
CASH, <i>end of year</i>	<u><u>\$ 68,887</u></u>	<u><u>\$ 53,547</u></u>

1. ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the accounting principles stipulated by funding agreements with certain 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. These capital asset purchases are also recorded to Capital Assets, with a corresponding increase in the Capital Fund in the Statement of Financial Position;
- b) capital asset amortization is charged directly to the Capital Fund.

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.

USE OF ESTIMATES

The preparation of financial statements in accordance with the accounting principles stipulated in Note 2 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.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
FINANCIAL INSTRUMENTS

The financial instruments of the company consist of cash, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the program is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

The company initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

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 the Capital Fund.

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

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

3. ACCOUNTS RECEIVABLE

	2 0 1 8	2 0 1 7
Goods and services tax	\$ <u>2,215</u>	\$ <u>10,648</u>

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2 0 1 8	2 0 1 7
Computer equipment	\$ 152,018	\$ 150,685	\$ 1,333	\$ 432
Office furniture	<u>23,921</u>	<u>23,037</u>	<u>884</u>	<u>4,159</u>
	<u>\$ 175,939</u>	<u>\$ 173,722</u>	<u>\$ 2,217</u>	<u>\$ 4,591</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 8	2 0 1 7
Accrued liabilities	\$ 21,612	\$ 23,247
Immigration, Refugees and Citizenship Canada		3,352
Accounts payable - trade	<u>-</u>	<u>1,729</u>
	<u>\$ 21,612</u>	<u>\$ 28,328</u>

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

6. DEFERRED REVENUE

	2018	2017
Immigration, Refugees and Citizenship Canada	\$ <u>4,465</u>	\$ <u>-</u>

7. CONTINGENT LIABILITY

Excess of revenues over expenditures from funds contributed by Immigration, Refugees and Citizenship Canada and other funding agencies may be subject to repayment or recovery, depending on the terms and conditions within the agreements. If any amounts become repayable, they will be accounted for in the year of determination.

8. ECONOMIC DEPENDENCE

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

AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

We have audited and reported separately on the financial statements of English Online Inc. as at and for the year ended March 31, 2018.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the organization 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 27, 2018

Collins Barrow HMA LLP
Chartered Professional Accountants

SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED MARCH 31
**IMMIGRATION, REFUGEES AND CITIZENSHIP CANADA -
MANITOBA**
2 0 1 8
2 0 1 7
REVENUE

 Immigration, Refugees and Citizenship Canada - Manitoba
Other revenue

\$	507,894	\$	558,877
	<u>275</u>		<u>324</u>
	508,169		559,201

EXPENDITURES

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

2,940	897
2,205	2,541
32,276	40,889
10,411	11,959
25,887	23,480
27,180	39,447
395,681	436,901
<u>2,153</u>	<u>2,669</u>
498,733	558,783

EXCESS OF REVENUE OVER EXPENDITURES

\$	<u>9,436</u>	\$	<u>418</u>
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SCHEDULE OF REVENUE AND EXPENDITURES
YEAR ENDED MARCH 31
NEW MEDIA LANGUAGE TRAINING
2 0 1 8
2 0 1 7
REVENUE

 New Media Language Training
 Other revenue

\$	500	\$	500
	<u>67</u>		<u>-</u>
	<u>567</u>		<u>500</u>

EXPENDITURES

 Goods and services tax
 Activity costs

	8		
	<u>837</u>		<u>-</u>
	<u>845</u>		<u>-</u>

EXCESS OF REVENUE OVER EXPENDITURES
(EXPENDITURES OVER REVENUE)

\$	<u>(278)</u>	\$	<u>500</u>
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ENGLISH ONLINE INC.

SCHEDULE 3

SCHEDULE OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

SYNERGIQ SOLUTIONS

2018

2017

REVENUE

Synergiq Solutions (formerly Citadel Rock Online)
Other revenue

\$	\$	200
-		3,886

-	4,086
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EXPENDITURES

EXCESS OF REVENUE OVER EXPENDITURES

\$ - \$ 4,086