
ENGLISH ONLINE INC.

FINANCIAL STATEMENTS

MARCH 31, 2010

AUDITORS' REPORT

To the Directors
English Online Inc.

We have audited the balance sheet of English Online Inc. as at March 31, 2010 and the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the company's management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 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.

Winnipeg, Manitoba
May 12, 2010

CHARTERED ACCOUNTANTS

ENGLISH ONLINE INC.

STATEMENT 1

BALANCE SHEET

MARCH 31

	2010	2009
A S S E T S		
CURRENT		
Cash	\$ 15,867	\$ 38,856
Accounts receivable	<u>10,667</u>	<u>33,841</u>
	26,534	72,697
CAPITAL ASSETS (Note 3)	<u>20,234</u>	<u>1,369</u>
	\$ <u>46,768</u>	\$ <u>74,066</u>

L I A B I L I T I E S

CURRENT		
Accounts payable and accrued liabilities	\$ <u>25,301</u>	\$ <u>71,243</u>

F U N D B A L A N C E S

OPERATING FUND (Statement 2)	1,234	1,454
CAPITAL FUND (Statement 2)	<u>20,233</u>	<u>1,369</u>
	<u>21,467</u>	<u>2,823</u>
	\$ <u>46,768</u>	\$ <u>74,066</u>

Approved on behalf of the Board

.....
Director

.....
Director

ENGLISH ONLINE INC.

STATEMENT 2

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31

	2010	2009
OPERATING FUND		
BALANCE, <i>beginning of year</i>	\$ 1,454	\$(1,733)
Excess revenue over expenditures (expenditures over revenue) (<i>Statement 3</i>)	(220)	3,187
BALANCE, <i>end of year</i>	<u>\$ 1,234</u>	<u>\$ 1,454</u>
CAPITAL FUND		
BALANCE, <i>beginning of year</i>	\$ 1,369	\$ 1,822
Acquisition of capital assets	26,676	1,524
Provision for amortization	(7,812)	(1,977)
BALANCE, <i>end of year</i>	<u>\$ 20,233</u>	<u>\$ 1,369</u>

ENGLISH ONLINE INC.

STATEMENT 3

STATEMENT OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31

	2010	2009
REVENUE		
Province of Manitoba - Department of Labour and Immigration	\$ <u>311,091</u>	\$ <u>173,567</u>
EXPENSES		
Activity costs	111,346	133,913
Capital costs	26,676	1,524
Office administration	18,720	6,045
Professional fees	6,658	6,827
Salaries, wages and benefits	140,452	22,071
Travel	<u>7,459</u>	<u>-</u>
	<u>311,311</u>	<u>170,380</u>
EXCESS REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	\$ (<u>220</u>)	\$ <u>3,187</u>

ENGLISH ONLINE INC.

STATEMENT 4

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2010	2009
CASH FLOWS FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from Province of Manitoba	\$ 334,228	\$ 162,576
Cash paid to suppliers and employees	<u>(330,541)</u>	<u>(124,388)</u>
	3,687	38,188
<i>INVESTING ACTIVITY</i>		
Acquisition of capital assets	<u>(26,676)</u>	<u>(1,524)</u>
INCREASE (DECREASE) IN CASH DURING YEAR	(22,989)	36,664
CASH, <i>beginning of year</i>	<u>38,856</u>	<u>2,192</u>
CASH, <i>end of year</i>	\$ <u>15,867</u>	\$ <u>38,856</u>

ENGLISH ONLINE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

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.

The company's mission is to serve the online English language learning needs of immigrants across the province of Manitoba by linking learners with new and existing online English as an Additional Language (EAL) learning resources and by supporting adult EAL institutions, service organizations and community groups to grow effective online adult EAL learning services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principals and include the following significant accounting policies:

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

Capital asset acquisitions are charged to operations with the related funding recorded as revenue in the year of acquisition. These expenditures are also recorded 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. Amortization is provided for at the following rates:

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

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

FINANCIAL INSTRUMENTS

The financial instruments of the company consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the company 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 value.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2 0 1 0	2 0 0 9
Computer equipment	\$ 26,096	\$ 9,489	\$ 16,607	\$ 1,369
Office furniture	<u>4,534</u>	<u>907</u>	<u>3,627</u>	<u>-</u>
	<u>\$ 30,630</u>	<u>\$ 10,396</u>	<u>\$ 20,234</u>	<u>\$ 1,369</u>

4. ECONOMIC DEPENDENCE

English Online Inc. receives a major portion of its revenue pursuant to a funding arrangement with the Province of Manitoba under the Manitoba Immigrant Integration Program.



HAUGEN MORRISH ANGERS
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Directors
English Online Inc.

We have audited the balance sheet of English Online Inc. as at March 31, 2010 and the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the company's management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 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.

A handwritten signature in cursive script, appearing to read 'Haugen Morrish Angers', written in black ink.

CHARTERED ACCOUNTANTS

Winnipeg, Manitoba
May 12, 2010

ENGLISH ONLINE INC.

STATEMENT 1

BALANCE SHEET

MARCH 31

	2010	2009
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ASSETS

CURRENT

Cash	\$ 15,867	\$ 38,856
Accounts receivable	<u>10,667</u>	<u>33,841</u>
	26,534	72,697

CAPITAL ASSETS (Note 3)

<u>20,234</u>	<u>1,369</u>
<u>\$ 46,768</u>	<u>\$ 74,066</u>

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	\$ <u>25,300</u>	\$ <u>71,243</u>
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FUND BALANCES

OPERATING FUND (Statement 2)

1,234	1,454
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CAPITAL FUND (Statement 2)

<u>20,234</u>	<u>1,369</u>
<u>21,468</u>	<u>2,823</u>
<u>\$ 46,768</u>	<u>\$ 74,066</u>

Approved on behalf of the Board



 Director



 Director