
**ST. LAWRENCE NEIGHBOURHOOD
ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2010

INDEPENDENT AUDITOR'S REPORT

To the Members,
St. Lawrence Neighbourhood Association

Report on the Financial Statements

We have audited the accompanying financial statements of St. Lawrence Neighbourhood Association, which comprise the statement of financial position as at December 31, 2010 and the statements of operations and 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 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 auditor's 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

In common with many not-for-profit organizations, the organization derives revenue from donation and fundraising revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and fundraising revenue the financial statements present fairly, in all material respects, the financial position of St. Lawrence Neighbourhood Association as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

ST. LAWRENCE NEIGHBOURHOOD ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

2010

2009

ASSETS

| | | |
|---------------------|------------------|-------------------|
| Current assets | | |
| Cash | \$ 42,444 | \$ 29,466 |
| Accounts receivable | <u>1,347</u> | <u> </u> |
| | <u>\$ 43,791</u> | <u>\$ 29,466</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|------------------|-------------------|
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 800 | \$ 800 |
| Prepaid membership fees | <u>2,862</u> | <u> </u> |
| | 3,662 | 800 |
| Net assets | | |
| Unrestricted | <u>40,129</u> | <u>28,666</u> |
| | <u>\$ 43,791</u> | <u>\$ 29,466</u> |

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

ST. LAWRENCE NEIGHBOURHOOD ASSOCIATION

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

| | 2010 | 2009 |
|---|------------------|------------------|
| REVENUE | | |
| Fundraising | \$ 47,937 | \$ 22,980 |
| Membership fees | 9,754 | 9,218 |
| Government grant | <u> </u> | <u>6,240</u> |
| | <u>57,691</u> | <u>38,438</u> |
| EXPENSES | | |
| Special events | 21,002 | 21,002 |
| Community donations | 16,042 | 2,000 |
| Recording secretary | 2,960 | 1,671 |
| Project costs | 2,692 | 7,132 |
| Office supplies | 1,551 | 676 |
| Telephone | 1,012 | 1,422 |
| Professional fees | <u>969</u> | <u>1,019</u> |
| | <u>46,228</u> | <u>34,922</u> |
| EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR | 11,463 | 3,516 |
| Net assets, beginning of year | <u>28,666</u> | <u>25,150</u> |
| NET ASSETS, END OF YEAR | <u>\$ 40,129</u> | <u>\$ 28,666</u> |

see accompanying notes

ST. LAWRENCE NEIGHBOURHOOD ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

| | 2010 | 2009 |
|---|-------------------|------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenue over expenses for the year | \$ 11,463 | \$ 3,516 |
| Net change in non-cash working capital items | | |
| Increase in accounts receivable | (1,347) | |
| Increase in prepaid membership fees | 2,862 | |
| Decrease in deferred grant | <u> </u> | <u>(6,240)</u> |
| NET INCREASE (DECREASE) IN CASH FOR THE YEAR | 12,978 | (2,724) |
| Cash, beginning of year | <u>29,466</u> | <u>32,190</u> |
| CASH, END OF YEAR | <u>\$ 42,444</u> | <u>\$ 29,466</u> |

see accompanying notes

ST. LAWRENCE NEIGHBOURHOOD ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

1. THE ORGANIZATION

St. Lawrence Neighbourhood Association (the "association") is a not-for-profit organization incorporated without share capital in the Province of Ontario. The association's objective is to enhance the quality of life in the St. Lawrence neighbourhood in the City of Toronto. It does this by encouraging change and development in a manner beneficial to all its residents and holding events that nurture a sense of community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with prior years. Outlined below are those policies considered particularly significant:

Capital assets

Capital assets having an individual cost of \$1,000 or greater are recorded at cost and capitalized in the accounts. Capital assets are amortized on a straight-line basis over three years.

Revenue recognition

The organization follows the deferral method of revenue recognition. Its principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Membership fees are recorded when received.
- ii) Government grants related to current expenditures are reflected in the accounts as a revenue item in the current year. Grants received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue. Grants related to the purchase of furniture and equipment are recorded as revenue in the same period the related furniture and equipment are charged to operations.
- iii) Fundraising and donation revenue is recorded when funds are received. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.

Expense recognition

Expenses are recorded when goods or services are consumed.

3. FINANCIAL INSTRUMENTS

Financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

ST. LAWRENCE NEIGHBOURHOOD ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

4. MANAGEMENT OF CAPITAL

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2010, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

5. INCOME TAX STATUS

The association is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the Income Tax Act (Canada).