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**ST. LAWRENCE NEIGHBOURHOOD  
ASSOCIATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011 AND DECEMBER 31, 2010**

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## 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, 2011 and December 31, 2010 and the statements of operations and changes in net assets and cash flows for the years 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 audits. We conducted our audits 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 in our audits 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of St. Lawrence Neighbourhood Association as at December 31, 2011 and December 31, 2010, and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Cowperthwaite Mehta*

Chartered Accountants  
Licensed Public Accountants

March 25, 2012  
Toronto, Ontario

# **ST. LAWRENCE NEIGHBOURHOOD ASSOCIATION**

## **STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2011 AND DECEMBER 31, 2010**

	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 40,704	\$ 42,444
Accounts receivable	<u>6,000</u>	<u>1,347</u>
	<u><u>\$ 46,704</u></u>	<u><u>\$ 43,791</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,050	\$ 800
Prepaid membership fees	<u>325</u>	<u>2,862</u>
	1,375	3,662
Net assets		
Unrestricted	<u>45,329</u>	<u>40,129</u>
	<u><u>\$ 46,704</u></u>	<u><u>\$ 43,791</u></u>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**ST. LAWRENCE NEIGHBOURHOOD ASSOCIATION**  
**STATEMENT OF OPERATIONS AND NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010**

	<b>2011</b>	<b>2010</b>
<b>REVENUE</b>		
Fundraising	\$ 26,743	\$ 47,937
Membership fees	<u>10,019</u>	<u>9,754</u>
	<u><u>36,762</u></u>	<u><u>57,691</u></u>
<b>EXPENSES</b>		
Special events	24,831	21,002
Recording secretary	2,725	2,960
Community donations	1,300	16,042
Professional fees	1,107	969
Project costs	788	2,692
Office supplies	557	1,551
Telephone	<u>254</u>	<u>1,012</u>
	<u><u>31,562</u></u>	<u><u>46,228</u></u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>5,200</b>	<b>11,463</b>
Net assets, beginning of year	<u>40,129</u>	<u>28,666</u>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 45,329</u></b>	<b><u>\$ 40,129</u></b>

see accompanying notes

**ST. LAWRENCE NEIGHBOURHOOD ASSOCIATION****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010**

	<b>2011</b>	<b>2010</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 5,200	\$ 11,463
Net change in non-cash working capital items		
Increase in accounts receivable	(4,653)	(1,347)
Increase in accounts payable and accrued liabilities	250	
Decrease (increase) in prepaid membership fees	<u>(2,537)</u>	<u>2,862</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	<b>(1,740)</b>	<b>12,978</b>
Cash, beginning of year	<u>42,444</u>	<u>29,466</u>
<b>CASH, END OF YEAR</b>	<b><u>\$ 40,704</u></b>	<b><u>\$ 42,444</u></b>

# **ST. LAWRENCE NEIGHBOURHOOD ASSOCIATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010**

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

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 accounting standards for not-for-profit organizations. 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. RISK MANAGEMENT**

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, 2011 AND DECEMBER 31, 2010**

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### **4. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

Effective January 1, 2011, the organization elected to adopt the Canadian accounting standards for not-for-profit organizations. These are the first financial statements prepared in accordance with this new framework which have been applied retrospectively.

Management reviewed the exemptions provided on transition to the Canadian accounting standards for not-for-profit organizations and has elected to designate all investments to be subsequently measured at fair value, which is consistent with the accounting policy in place at the time of the transition. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the previously reported assets, liabilities and net assets of the organization, and accordingly, there has been no restatement of previously reported amounts as at the date of the transition, being January 1, 2010. The presentation and disclosures in the financial statements reflect the requirements under the new accounting framework.