

**NEIGHBOURHOOD WATCH LONDON**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**



**Michael A King**  
CPA Professional Corporation

CHARTERED ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
**Neighbourhood Watch London:**

I have audited the financial statements of **Neighbourhood Watch London** which comprise the statement of financial position as at December 31, 2017 and the statements of changes in net assets, operations and cash flow for the year ended December 31, 2017 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance 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 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

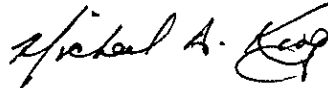
### **Basis for Qualification**

In common with many charitable organizations, the organization derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to membership and donation revenues, excess of revenues over expenses, assets and fund balances.

### **Qualified Opinion**

In my opinion, except for the effects of the matter described in the Basis for Qualification paragraph, these financial statements present fairly, in all material respects, the financial position of the Neighbourhood Watch London as at December 31, 2017 and the results of its operations and the changes in its financial position for the year ended December 31, 2017 in accordance with Canadian accounting standards for not for profit organizations.

London, Ontario  
March 21, 2018



MICHAEL A. KING CPA PROFESSIONAL CORPORATION

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario.

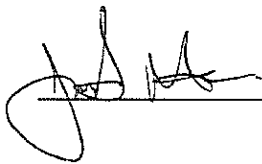
# NEIGHBOURHOOD WATCH LONDON

## Statement of Financial Position

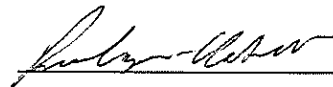
As at December 31

	2017	2016
<b>Assets</b>		
Current assets:		
Cash	\$ 25,835	\$ 80,674
HST recoverable	3,412	3,637
Prepaid expenses	3,309	2,609
	<u>\$ 32,556</u>	<u>\$ 86,920</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,667	\$ 5,768
Payroll taxes payable	2,580	1,303
Deferred funding	1,250	36,250
	<u>8,497</u>	<u>43,321</u>
Net Assets:		
Unrestricted net assets	24,059	43,599
	<u>\$ 32,556</u>	<u>\$ 86,920</u>

Approved on Behalf of the Board:



Director



Director

See the accompanying notes which are an integral part of these financial statements.

## NEIGHBOURHOOD WATCH LONDON

### Statement of Changes in Net Assets

Year ended December 31

	2017	2016
Balance, beginning of year	\$ 43,599	\$ 41,572
Excess (deficiency) of revenues over expenses	(19,540)	2,027
Balance, end of year	\$ 24,059	\$ 43,599

See the accompanying notes which are an integral part of these financial statements.

# NEIGHBOURHOOD WATCH LONDON

## Statement of Operations

Year ended December 31

	2017	2016
<b>Revenues:</b>		
Restricted		
Municipal: (City of London):		
Core funding	\$ 70,000	\$ 96,417
Refund (repayment) to the City of London	-	1,248
Provincial	5,230	2,160
Foundations and grants	-	1,250
	<b>75,230</b>	<b>101,075</b>
Unrestricted:		
Corporate sponsorship	5,000	-
Social enterprise	1,497	185
Gifts from individuals and corporations	957	48
Miscellaneous and interest	162	61
	<b>7,616</b>	<b>294</b>
	<b>82,846</b>	<b>101,369</b>
<b>Operating expenses:</b>		
Salaries and benefits	71,847	75,274
General administration		
Office supplies, communication and printing	10,399	9,203
Insurance	3,170	3,160
Rent	138	2,018
Interest and bank charges	2	294
Professional fees	7,137	4,610
Workshops, meetings, conferences		
Conferences and training	5,283	523
Meetings, community events and director costs	3,061	2,939
Social enterprise	684	86
Travel	435	-
Program development	217	-
Fundraising expenses	13	-
Programs, supplies and materials	-	1,235
	<b>102,386</b>	<b>99,342</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$ (19,540)</b>	<b>\$ 2,027</b>

See the accompanying notes which are an integral part of these financial statements.

## NEIGHBOURHOOD WATCH LONDON

### Statement of Cash Flow

Year ended December 31

	2017	2016
Cash from operating activities:		
Excess (deficiency) of revenues over expenses	\$ (19,540)	\$ 2,027
Net changes in non-cash working capital:		
HST recoverable	225	(1,905)
Prepaid expenses	(700)	106
Accounts payable and accrued liabilities	(1,101)	(235)
Other taxes payable	1,277	631
Deferred funding	(35,000)	36,250
Payable to City of London	-	(1,676)
Cash flows from operating activities	(54,839)	35,198
Increase (decrease) in cash position during the year	(54,839)	35,198
Cash position, beginning of year	80,674	45,476
Cash position, end of year	\$ 25,835	\$ 80,674

See the accompanying notes which are an integral part of these financial statements.

# NEIGHBOURHOOD WATCH LONDON

Notes to the Financial Statements

December 31, 2017

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## **Nature of the Project:**

Neighbourhood Watch London is a charitable organization that was incorporated by letters of patent, under the laws of Ontario, without share capital on October 26, 2000.

## **Summary of Significant Accounting Policies:**

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and, in the opinion of management, are within reasonable limits of materiality and within the framework of the accounting policies summarized below:

### *Fund Accounting:*

In order to ensure observance of limitations and restrictions placed on the use of resources available to the organization, the accounts of the organization are maintained in accordance with the principles of "fund accounting". Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. There are no restricted funds.

The operating fund of the organization accounts for assets, liabilities, revenue and expenditures related to the ongoing operation of the various programs.

### *Tangible capital assets:*

The organization meets the criteria outlined in Part III of the Chartered Professional Accountants Hand Book allowing it to be classified as a small not for profit organization with revenues less than \$500,000. As such, the organization's policy is to expense expenditures on tangible capital assets.

During the year, the organization did not expense tangible capital purchases.

### *Income Taxes:*

According to the provisions of the Income Tax Act (Canada), the organization is exempt from taxes on income.



# NEIGHBOURHOOD WATCH LONDON

Notes to the Financial Statements - continued

December 31, 2017

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## *Revenue Recognition:*

The organization follows the deferral method of accounting. Revenues are recognized in the year in which the related expenditures occur. Unrestricted or unassigned amounts are recognized as revenue in the year they are received.

## *Accounting Estimates:*

The preparation of financial statements in accordance with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

## **1. Financial Instruments:**

### Fair Values

The organization's financial instruments are comprised of cash, accounts receivable and accounts payable and accrued liabilities. These are reported at fair value on the statement of financial position.

### Credit Risk

The organization's cash is held at a major financial institution. The organization's accounts receivable consist of HST rebates.

### Interest Rate and Currency Risk

The organization is not exposed to interest rate or currency risk.

## **2. Comparative balances:**

Certain of the comparative balances have been reclassified to conform to the presentation adopted for the current year.