

**NEIGHBOURHOOD WATCH LONDON**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the financial statements of **Neighbourhood Watch London** (the "organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

*Valente CPAs LLP*

London, Ontario  
June 17, 2019

Valente CPAs LLP  
Chartered Professional Accountants  
Licensed Public Accountants

# NEIGHBOURHOOD WATCH LONDON

## Statement of Financial Position

As at December 31

	2018	2017
<b>Assets</b>		
Current assets:		
Cash	\$ 17,846	\$ 25,835
Accounts receivable	500	-
HST recoverable	573	3,412
Prepaid expenses	3,416	3,309
	<b>\$ 22,335</b>	<b>\$ 32,556</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,223	\$ 4,667
Payroll taxes payable	697	2,580
Deferred funding	1,250	1,250
	<b>7,170</b>	<b>8,497</b>
Net Assets:		
Unrestricted net assets	15,165	24,059
	<b>\$ 22,335</b>	<b>\$ 32,556</b>

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

	2018	2017
Balance, beginning of year	\$ 24,059	\$ 43,599
Excess (deficiency) of revenues over expenses	(8,894)	(19,540)
Balance, end of year	\$ 15,165	\$ 24,059

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

# NEIGHBOURHOOD WATCH LONDON

## Statement of Operations

Year ended December 31

	2018	2017
<b>Revenues:</b>		
Restricted		
Municipal: (City of London):		
Core funding	\$ 60,000	\$ 70,000
Provincial	-	5,230
	<b>60,000</b>	<b>75,230</b>
Unrestricted:		
Corporate sponsorship	5,000	5,000
Gifts from individuals and corporations	4,526	957
Miscellaneous and interest	250	162
Social enterprise	227	1,497
	<b>10,003</b>	<b>7,616</b>
	<b>70,003</b>	<b>82,846</b>
<b>Operating expenses:</b>		
Salaries and benefits	61,541	71,847
Professional fees	6,798	7,137
General administration		
Office supplies, communication and printing	3,519	10,399
Insurance	3,390	3,170
Rent	551	138
Interest and bank charges	-	2
Fundraising expenses	378	13
Programs, supplies and materials	285	-
Program development	283	217
Social enterprise	140	684
Workshops, meetings, conferences		
Meetings, community events and director costs	1,823	3,061
Conferences and training	110	5,283
Travel	79	435
	<b>78,897</b>	<b>102,386</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$ (8,894)</b>	<b>\$ (19,540)</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

	2018	2017
Cash from operating activities:		
Excess (deficiency) of revenues over expenses	\$ (8,894)	\$ (19,540)
Net changes in non-cash working capital:		
Accounts receivable	(500)	-
HST recoverable	2,839	225
Prepaid expenses	(107)	(700)
Accounts payable and accrued liabilities	556	(1,101)
Other taxes payable	(1,883)	1,277
Deferred funding	-	(35,000)
Cash flows from operating activities	(7,989)	(54,839)
Increase (decrease) in cash position during the year	(7,989)	(54,839)
Cash position, beginning of year	25,835	80,674
Cash position, end of year	\$ 17,846	\$ 25,835

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



# NEIGHBOURHOOD WATCH LONDON

Notes to the Financial Statements

December 31, 2018

---

## **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, 2018

---

## *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.