

**Neighbourhood Information Centre Inc.**

**Financial Statements**

**December 31, 2013**



## **Independent Auditor's Report**

To the Members of  
**Neighbourhood Information Centre Inc.**

### **Report of the financial statements**

We have audited the accompanying financial statements of **Neighbourhood Information Centre Inc.** which comprise the statement of financial position as at **December 31, 2013** and the statements of operations, 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 of material misstatement.

An audit involves performing procedures to obtain 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.

# Neighbourhood Information Centre Inc.

## Independent Auditor's Report

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### Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues 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 revenues, excess of revenue over expenditures, 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 the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects the financial position of the organization as at **December 31, 2013** 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.

*Clarkson Rouble LLP*

Mississauga, Ontario  
June 16, 2014

**Clarkson Rouble LLP**  
**Chartered Accountants**  
**Licensed Public Accountants**

# Neighbourhood Information Centre Inc.

## Statement of Financial Position As at December 31

	2013	2012
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 25,738	\$ 22,178
Short term investments (Note 2)	35,900	35,900
Accounts receivable	22,127	40,649
Prepaid expenses	3,143	2,694
	<b>\$ 86,908</b>	<b>\$ 101,421</b>

## Liabilities

<b>Current</b>		
Accounts payable and accruals	\$ 18,313	\$ 7,467
Deferred contributions (Note 3)	75,924	60,157
	<b>94,237</b>	<b>67,624</b>

## Net Assets

<b>Unrestricted net assets</b>	<b>(7,329)</b>	<b>33,797</b>
	<b>\$ 86,908</b>	<b>\$ 101,421</b>

*See accompanying notes to the financial statements*

**On behalf of the Board:**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## Neighbourhood Information Centre Inc.

### Statement of Operations and Changes In Net Assets Year Ended December 31

	2013	2012
<b>Revenue</b>		
City of Toronto		
Community services partnership (Note 4)	\$ 132,370	\$ 141,092
Children's Services - resource centre (Note 4)	52,392	52,392
Wage subsidy and pay equity (Note 4)	14,780	14,780
Recreation and other grants	13,567	44,652
Rent in kind	5,250	5,000
Province of Ontario	56,213	53,133
Government of Canada - Accessibility and Summer Students	-	55,283
United Way	122,910	117,329
Ontario Trillium Foundation	50,414	37,100
Membership fees	3,410	2,630
TTC Metro Pass program	421,386	275,094
Donations	33,080	22,190
Rebates and expense recovery and other	-	123
	<u>905,772</u>	<u>820,798</u>
<b>Expenses</b>		
Personnel costs	360,348	330,939
Professional fees	22,446	75,762
Programs / events	84,032	44,368
TTC Metro Pass program	434,152	274,419
Office	23,247	25,757
Training and travel	2,472	3,097
Publicity	161	1,310
Accessibility and repairs	21	55,965
Telecommunications	4,578	5,609
Insurance	4,552	5,527
Rents	5,250	5,060
Fundraising	5,639	87
	<u>946,898</u>	<u>827,900</u>
<b>Deficiency of revenue over expenses</b>	<b>(41,126)</b>	<b>(7,102)</b>
<b>Unrestricted net assets, beginning of year</b>	<b>33,797</b>	<b>40,899</b>
<b>Unrestricted net assets, end of year</b>	<b>\$ (7,329)</b>	<b>\$ 33,797</b>

*See accompanying notes to the financial statements*

## Neighbourhood Information Centre Inc.

### Statement of Cash Flows Year Ended December 31

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	2013	2012
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ (41,126)	\$ (7,102)
Net change in working capital items		
Operating working capital		
Account receivable	18,522	(32,173)
Prepaid expenses	(449)	1,069
Accounts payable	10,846	(8,762)
Deferred revenues	15,767	27,243
<b>(Decrease) increase from operating activities</b>	<b>3,560</b>	<b>(19,725)</b>
<b>Investing activity</b>		
Redemption of short term investment	-	14,000
<b>Increase (decrease) from investing activity</b>	<b>-</b>	<b>14,000</b>
<b>Increase (decrease) in cash</b>	<b>3,560</b>	<b>(5,725)</b>
<b>Cash, beginning of year</b>	<b>22,178</b>	<b>27,903</b>
<b>Cash, end of year</b>	<b>\$ 25,738</b>	<b>\$ 22,178</b>

*See accompanying notes to the financial statements*

# Neighbourhood Information Centre Inc.

## Notes to Financial Statements

December 31, 2013

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Neighbourhood Information Centre Inc. is a multi-service agency addressing individual and family needs in a community setting including information and referral services which is the founding service delivery model. Supporting youth, families and seniors from diverse backgrounds in a "priority neighbourhood", they address general improvement of the quality of life of local residents. Neighbourhood Information Centre Inc. was incorporated without share capital by letters patent in the province of Ontario on March 14, 1974 and is a registered charity under the Income Tax Act.

### 1. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. Outlined below are those policies considered to be particularly significant:

a) **Basis of presentation**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and changes in net assets during the year. Actual results could differ from those estimates.

b) **Revenue recognition**

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) **Capital assets**

Capital assets are expensed in the year of acquisition. Capital assets owned by the organization include program equipment, office equipment and computers.

d) **Donated materials and services**

Contributed services and goods have been recognized on the financial statements where the market value can be reasonably estimated or where a donation receipt has been issued for the market value. In the years 2013 and 2012 contributed rent valued at \$5,250 and \$5,000, respectively, has been recognized in the statement of operations.

# Neighbourhood Information Centre Inc.

## Notes to Financial Statements

December 31, 2013

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### 1. Summary of significant accounting policies (continued)

#### e) Financial Instruments

The organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The organization subsequently measures all its financial assets and liabilities at amortized cost, with the exception investments which are measured at fair value without adjustment for transaction costs that would be incurred on the disposal and changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable and sales tax receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and deferred contributions.

### 2. Bank indebtedness

The bank operating line of \$50,000 bears interest at 5.85% is payable on demand and is secured by a general security agreement covering all assets. The short term investments in the amount of \$35,900 are held as security for the bank debt. The balance on the line at year end is Nil.

### 3. Deferred contributions

Deferred contributions represent unspent externally restricted donations received by the organization relating to activities of the subsequent year specific projects that extend beyond the current fiscal year.

	2013	2012
Balance, beginning of year	\$ 60,157	\$ 32,914
Deferred revenue taken into income in the year	(60,157)	(32,914)
Revenue received during the year, not spent at year end	75,924	60,157
<b>Balance, end of year</b>	<b>\$ 75,924</b>	<b>\$ 60,157</b>



# Neighbourhood Information Centre Inc.

## Notes to Financial Statements

December 31, 2013

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### 4. City of Toronto Program Funding

Funding and costs for programs operated by the Organization for the City of Toronto purposes are as follows:

<b>Community Service Partnership</b>	
Program funding	132,370
<hr/>	
Expenses	
Personnel costs	116,851
Professional fees	11,212
Program supplies and other expenses	4,307
	<hr/>
	132,370
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Deficiency of revenue over expenses supported by Centre	\$ -
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<b>Children's Services</b>	
Program funding	\$ 52,392
Wage subsidy	11,788
Pay equity	2,992
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	67,172
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Expenses	
Personnel costs	53,969
Professional fees	1,750
Program supplies and other expenses	11,665
	<hr/>
	67,384
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Deficiency of revenue over expenses supported by Centre	\$ (212)

**Neighbourhood Information Centre Inc.**

91 Barrington Avenue  
Toronto, Ontario M4C 4Y9

June 16, 2014

Clarkson Rouble LLP  
Chartered Accountants  
5190 Shuttle Drive  
Mississauga, Ontario L4W 4J8

**Attention: Massimo Sicillano**

Dear Sirs:

We are providing this letter in connection with your audit of the financial statements of **Neighbourhood Information Centre Inc.** (the "Organization") as of **December 31, 2013** and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Organization in accordance with Canadian accounting standards for not-for-profit organizations.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors, and other irregularities, should any exist.

Certain representation in this letter are described as being limited to matters that are material. An item is considered material, regardless of monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of June 16, 2014, the following representations made to you during your audit.

**Financial statements**

1. The financial statements referred to above present fairly, in all material respects, the financial position of the Organization as at **December 31, 2013**, and the results of its operations and its cash flows for the years then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

**Completeness of Information**

2. We have made available to you all financial records and related data and all minutes of the meetings of shareholders, directors and committees of directors.

3. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
5. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
6. We have identified to you all known related parties and related party transactions, including guarantees, non-monetary transactions and transactions for no consideration.

**Fraud and error**

7. We have no knowledge of fraud or suspected fraud affecting the entity involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

**Recognition, measurement and disclosure**

9. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
10. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
11. All related party transactions have been appropriately measured and disclosed in the financial statements.
12. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
13. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
14. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
15. The Organization has satisfactory title to all assets, and there are no liens or encumbrances on the Organization's assets.

16. We have disclosed to you, and the Organization has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
17. We have reviewed and approved all of the following:
  - Journal entries you prepared or changed;
  - Account codes you determined or changed;
  - Transactions you classified; and
  - Accounting records you prepared or changed.
18. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and the related notes.

In relation to our adoption of the Canadian accounting standards for not-for-profit organizations, we have reviewed the requirements of the Canadian accounting standards for not-for-profit organizations and have identified that there are no material differences that have an impact on our organization (adjustments and disclosures) between the pre-changeover accounting standards and the Canadian accounting standards for not-for-profit organizations.

Yours truly,

**Neighbourhood Information Centre Inc.**



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Claire Barcik, Executive Director

MS/ pem39

**Neighbourhood Information Centre Inc.**

Year End: December 31, 2013

Adjusting journal entries

Date: 1/01/13 To 12/31/13

Prepared by	Reviewed by

12

Number	Date	Name	Account No	Referer	Debit	Credit
1	12/31/13	Accounts receivable	1200	TT		308.78
1	12/31/13	Allowance for doubtful accounts	1211	TT	280.07	
1	12/31/13	Retained Earnings	3900	TT	428.71	
1	12/31/13	Program Expense - Other	5504	TT		400.00
To adjust opening retained earnings to actual.						
2	12/31/13	Prepaid Expenses	1300	L1	449.00	
2	12/31/13	Insurance	5350	L1		449.00
To adjust prepaids to actual at Y/E.						
3	12/31/13	Accrued Liabilities	2001	BB.40		5,000.00
3	12/31/13	Miscellaneous Expenses	6000	BB.40	5,000.00	
To reverse entry posted cancelling accrual # 526 - 12/24/13.						
4	12/31/13	Accrued Liabilities	2001	BB2		9,763.22
4	12/31/13	City of Toronto - Recreation	4140	BB2	9,763.22	
To accrue amount owing to the City of Toronto for unspent grant funds.						
5	12/31/13	NIC Account	1000	A1,A2	1,386.00	
5	12/31/13	Professional Fees: Other	5213	A1,A2		1,386.00
To reverse cheque #709 to K. Simpson						
6	12/31/13	Accrued Liabilities	2001	BB3		858.00
6	12/31/13	Professional Fees: Other	5213	BB3	858.00	
To set up amount owing to K. Simpson.						
7	12/31/13	Accounts payable	2000	BB, 40	2,772.00	
7	12/31/13	Professional Fees: Other	5213	BB, 40		2,772.00
To reverse accrual set up twice for K. Simpson. nothing owing at Y/E.						
8	12/31/13	Professional Fees - Auditing & Accounting	5211	40	1,750.00	
8	12/31/13	Professional Fees: Other	5213	40		1,750.00
To reverse entry#500 (audit						

**Neighbourhood Information Centre Inc.**

Year End: December 31, 2013

Adjusting journal entries

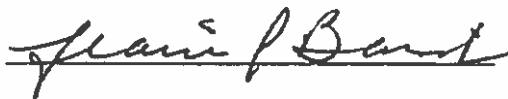
Date: 1/01/13 To 12/31/13

Prepared by	Reviewed by

12-1

Number	Date	Name	Account No	Referer	Debit	Credit
allocation).						
9	12/31/13	City of Toronto: Resource centre (Children's Serv	4110	GG, 21		13,098.00
9	12/31/13	City of Toronto: CS Wage subsidy	4120	GG, 21		2,947.00
9	12/31/13	City of Toronto: Pay equity	4121	GG, 21		748.00
9	12/31/13	City of Toronto-Identify "N" Impact	4149	GG, 21		7,000.00
9	12/31/13	Deferred Income Carried Forward	4158	GG, 21	60,157.25	
9	12/31/13	MOHLTC	4180	GG, 21		4,564.25
9	12/31/13	Trillium Foundation	4190	GG, 21		31,800.00
To recognize revenue from deferred revenue which was carried forward from 2012.						
10	12/31/13	NIC Account	1000	A3, A3. 1	238.17	
10	12/31/13	GST/HST Payable	2200	A3, A3. 1		19.25
10	12/31/13	Program Expense - Telephone	5505	A3, A3. 1		218.92
To reverse cheque 634 duplicate cheque for 643 cheque.						
11	12/31/13	MOHLTC	4180	GG5, 42.1		700.00
11	12/31/13	Professional Fees: Com	5212	GG5, 42.1	700.00	
To record revenue for the Sumach expense.						
					<b>83,782.42</b>	<b>83,782.42</b>

**Net Income (Loss) (41,126.10)**



June 16, 2014

Signature



June 17, 2014

The Board of Directors  
Neighbourhood Information Centre Inc.  
91 Barrington Avenue  
Toronto, Ontario M4C 4Y9

Dear Board Members:

We have been engaged to audit the financial statements of **Neighbourhood Information Centre Inc.** for the year ending **December 31, 2013**. Canadian generally accepted standards for audit engagements require that we communicate the following information with you in relation to our audit.

#### **Evaluation of Internal Controls**

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

During the course of our audit, we encountered the following concerns that we wish to bring to your attention:

- The organization has regularly reconciled its bank account. The organization would be well served with a review of the bank reconciliations by a member of the board of directors. Evidence of the review by initials or a signature should be noted on the bank reconciliations
- There does not appear to be any formal review of the financial information on a regular basis. The financial statements should be reviewed by the board of directors regularly. At the very least, I would recommend the board review the financial statements quarterly. It would be a good control to have a finance committee headed by the Treasurer review the financial information monthly.

#### **Significant Accounting Principles**

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting policies used by the organization are described in Note 2 to the financial statements.

#### **Significant Unusual Transactions**

We are not aware of any significant or unusual transactions entered into by the organization that you should be informed about.

#### **Accounting Estimates**

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditor is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;

- Materiality of estimates individually and in the aggregate in relation to the statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

#### **Disagreements with Management**

We are required to communicate any disagreements with management, whether or not resolved, about matters that individually or in aggregate are significant to the organization's financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of us audit.

#### **Consultation with Other Accountants (Second Opinions)**

Management may consult with other accountants about auditing and accounting matters to obtain a "second opinion".

We are not aware of any consultations that have taken place with other accountants.

#### **Issues Discussed**

The auditor generally discusses among other matters, the application of accounting principles and auditing standards, and fees, etc. with management in during the initial or recurring appointment of the auditor during the normal course of business. There were no major issues discussed during our audit with regards to our retention that were not in the normal course of business.

#### **Difficulties Encountered During the Audit**

We encountered no significant difficulties during our audit that should be brought to the attention of the Board.

#### **Independence**

We have remained independent and have not identified any relationships, that in our professional judgement, may reasonably be thought to bear on our independence.

We shall be pleased to discuss with you further any matters mentioned above, at your convenience.

This communication is prepared solely for the information of the Board and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

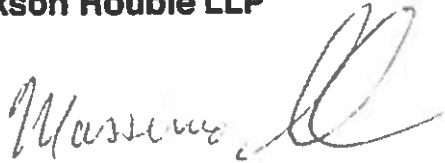
To ensure there is a clear understanding and record of the matters discussed, we ask the Board acknowledge their receipt and understanding of this letter. Should any member of the Board wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.



Yours very truly,

**Clarkson Rouble LLP**

per:



Massimo Siciliano, CPA, CA

MS/

Acknowledged:

**Neighbourhood Information Centre Inc.**

per:



Board Member

June 20, 2014

Date