

SAMPLE NPO SOCIETY
FINANCIAL STATEMENTS
August 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sample NPO Society

We have audited the accompanying financial statements of Sample NPO Society, which comprise the statement of financial position as at August 31, 2011, 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 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sample NPO Society as at August 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

City, Province
Report Date

Firm Name
Certified General Accountants



SAMPLE NPO SOCIETY
STATEMENT OF OPERATIONS
For the year ended August 31, 2011

	<u>2010/11</u>	<u>2009/10</u>
REVENUE		
Revenue	\$ 343,700	\$ 297,600
Gain (loss) on sale of investments	(2,000)	-
Change in fair value - investments	<u>4,200</u>	<u>-</u>
	<u>345,900</u>	<u>297,600</u>
EXPENSES		
Wages and benefits	250,000	162,500
Utilities	20,000	18,000
Property taxes	15,000	13,000
Insurance	12,000	12,000
Professional fees	10,000	10,000
Office and general	10,000	18,500
Amortization of tangible assets	6,000	6,000
Telephone	5,000	4,000
Repairs and maintenance	5,000	7,000
Interest expense	4,000	3,000
Advertising and promotion	<u>2,000</u>	<u>10,000</u>
	<u>339,000</u>	<u>264,000</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>6,900</u>	\$ <u>33,600</u>

SAMPLE NPO SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
For the year ended August 31, 2011

NET ASSETS	<u>Invested in capital assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total 2010/11</u>	<u>Total 2009/10</u>
Balance, beginning of year	\$ 381,000	\$ -	\$ 161,200	\$ 542,200	\$ 508,600
Excess of revenues over expenses	<u>(6,000)</u>	<u>-</u>	<u>12,900</u>	<u>6,900</u>	<u>33,600</u>
	<u>375,000</u>	<u>-</u>	<u>174,100</u>	<u>549,100</u>	<u>542,200</u>
Balance, end of year	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ 174,100</u>	<u>\$ 549,100</u>	<u>\$ 542,200</u>

See accompanying Notes to Financial Statements

SAMPLE NPO SOCIETY
STATEMENT OF FINANCIAL POSITION
August 31, 2011



ASSETS		<u>2011</u>	<u>2010</u>
CURRENT			
Cash	\$	97,800	\$ 45,100
Accounts receivable		78,600	136,100
Prepaid expenses		<u>4,500</u>	<u>7,500</u>
TOTAL CURRENT ASSETS		180,900	188,700
INVESTMENTS		60,200	28,000
TANGIBLE CAPITAL ASSETS (Note 4)		<u>375,000</u>	<u>381,000</u>
TOTAL ASSETS	\$	<u>616,100</u>	\$ <u>597,700</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$	23,000	\$ 33,000
Payroll liabilities		<u>44,000</u>	<u>22,500</u>
TOTAL LIABILITIES		<u>67,000</u>	<u>55,500</u>
NET ASSETS			
Net assets invested in capital assets		375,000	381,000
Unrestricted net assets		<u>174,100</u>	<u>161,200</u>
TOTAL NET ASSETS		<u>549,100</u>	<u>542,200</u>
TOTAL LIABILITIES & NET ASSETS	\$	<u>616,100</u>	\$ <u>597,700</u>

Approved by the Directors:

_____, Director

_____, Director

**SAMPLE NPO SOCIETY
CASH FLOW STATEMENT
For the year ended August 31, 2011**

	<u>2010/11</u>	<u>2009/10</u>
OPERATING ACTIVITIES 		
Cash receipts from customers	401,200	264,000
Cash paid to suppliers and employees	(314,500)	(265,000)
Interest paid	<u>(4,000)</u>	<u>(3,000)</u>
	<u>82,700</u>	<u>(4,000)</u>
 INVESTING ACTIVITIES		
Purchase of investments	(48,000)	(1,000)
Proceeds from sale of investments	<u>18,000</u>	<u>-</u>
	<u>(30,000)</u>	<u>(1,000)</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	52,700	(5,000)
CASH AND CASH EQUIVALENTS, beginning of year	<u>45,100</u>	<u>50,100</u>
 CASH AND CASH EQUIVALENTS, end of year	<u>\$ 97,800</u>	<u>\$ 45,100</u>

SAMPLE NPO SOCIETY 
NOTES TO FINANCIAL STATEMENTS
August 31, 2011

 **1. ACCOUNTING POLICIES**

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

- a) Cash and cash equivalents include amounts on deposit with financial institutions, bank overdrafts that fluctuate frequently from being positive to overdrawn, and term deposits that mature within three months from the date of acquisition. Cash and cash equivalents exclude term deposits that are unavailable for current use because they are pledged as security.
- b) The organization reports its investments at their fair value, and reports unrealized gains and losses on those investments in the Statement of Operations.
- c) Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is recorded at the following rates, which have been established by estimates of useful lives. Additions during the current year are amortized at one-half their normal rates, and no amortization is taken in the year of disposition. Amortization expense is reported in the Capital Asset Fund.

Furniture and fixtures	20%	declining balance
Building	4%	declining balance
- d) The organization does not record in its books of account the value of contributed materials and services.

2. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION AND ECONOMIC DEPENDENCY

Disclose a clear and concise description of the NPO's purpose, its intended community of service, its status under income tax legislation and its legal form. Economic dependence may also be disclosed in this note. For example: 'NPO Name is a not-for-profit organization incorporated under the (insert name of applicable legislation). The organization is registered as a charity under the Canada Income Tax Act and is exempt from income taxes. The organization's mission statement is '[insert mission statement]'. The organization derives 60% of its revenue (20XX - 54%) from contracts with [Name of funding agency]. These contracts are due for renewal in December 20XX.'

SAMPLE NPO SOCIETY
NOTES TO FINANCIAL STATEMENTS
August 31, 2011

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following describes the exposures to those risks, how they arise, any changes in risk exposures from the previous period, and any concentrations of risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable. A significant portion of the organization's receivables is concentrated in the local geographic area. The organization's exposure to credit risk did not change significantly during the year.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to this risk through its investment in publicly-traded shares. A significant portion of these investments is concentrated in the oil and gas industry. The organization's exposure to other price risk did not change significantly during the year.

4. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2011</u>	<u>2010</u>
Furniture and fixtures	\$ 5,000	\$ 4,000	\$ 1,000	\$ 1,500
Building	100,000	26,000	74,000	79,500
Land	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
	<u>\$ 405,000</u>	<u>\$ 30,000</u>	<u>\$ 375,000</u>	<u>\$ 381,000</u>