

NEIGHBOURHOOD BASKETBALL ASSOCIATION

FINANCIAL STATEMENTS

JULY 31, 2011

INDEPENDENT AUDITOR'S REPORT

To the Members of
Neighbourhood Basketball Association

Report on the Financial Statements

We have audited the accompanying financial statements of Neighbourhood Basketball Association, which comprise the statement of financial position as at July 31, 2011 and the statements of changes in net assets, operations 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 generally accepted accounting principles, 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 evaluation 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Charity derives revenue from 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 Charity and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and net assets.

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 Neighbourhood Basketball Association as at July 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brampton, Ontario
February 5, 2012

Authorized to practise public accounting by The Institute of Chartered
Accountants of Ontario

**NEIGHBOURHOOD BASKETBALL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2011**

ASSETS

	<u>2011</u>			<u>2010</u>
	<u>CAPITAL ASSETS</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
CURRENT				
Cash	-	6,844	-	6,844
HST receivable	-	909	-	909
Interfund receivable	-	-	21,943	21,943
Prepaid expenses	-	2,006	-	2,006
	-	9,759	21,943	31,702
CAPITAL ASSETS (note 3)	<u>8,844</u>	<u>-</u>	<u>-</u>	<u>8,844</u>
	\$ <u>8,844</u>	\$ <u>9,759</u>	\$ <u>21,943</u>	\$ <u>40,546</u>

LIABILITIES AND NET ASSETS

CURRENT				
Accounts payable	-	4,345	-	4,345
Deferred revenue	-	-	25,850	25,850
Interfund payable	-	21,943	-	21,943
	-	26,288	25,850	52,138
NET ASSETS	<u>8,844</u>	<u>(16,529)</u>	<u>(3,907)</u>	<u>(11,592)</u>
	\$ <u>8,844</u>	\$ <u>9,759</u>	\$ <u>21,943</u>	\$ <u>40,546</u>

APPROVED ON BEHALF OF THE BOARD

Director

Director

NEIGHBOURHOOD BASKETBALL ASSOCIATION
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JULY 31, 2011

	<u>2011</u>			<u>2010</u>
	<u>CAPITAL ASSETS</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
BALANCE, beginning of year	11,056	(4,611)	(3,907)	2,538
EXCESS OF REVENUES OVER EXPENDITURES	<u>(2,212)</u>	<u>(11,918)</u>	<u>-</u>	<u>(14,130)</u>
BALANCE, end of year	\$ <u>8,844</u>	\$ <u>(16,529)</u>	\$ <u>(3,907)</u>	\$ <u>2,538</u>

NEIGHBOURHOOD BASKETBALL ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JULY 31, 2011

	2011			2010
	CAPITAL ASSETS	UNRESTRICTED	RESTRICTED	TOTAL
REVENUES				
Donations	-	8,531	-	8,531
Fundraising	-	128	-	1,290
	<u>-</u>	<u>8,659</u>	<u>-</u>	<u>234,560</u>
EXPENDITURES				
Advertising and promotion	-	137	-	137
Amortization	2,212	-	-	2,212
Bad debts	-	-	-	222,000
Bank charges and interest	-	198	-	198
Fees and dues	-	773	-	773
Fundraising	-	858	-	858
Insurance	-	366	-	366
Office and general	-	1,179	-	1,179
Professional fees	-	1,500	-	1,500
Program supplies	-	1,503	-	1,503
Rent	-	6,798	-	6,798
Subcontractors	-	2,500	-	2,500
Telecommunications	-	1,429	-	1,429
Travel	-	3,336	-	3,336
	<u>2,212</u>	<u>20,577</u>	<u>-</u>	<u>22,789</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (2,212)</u>	<u>\$ (11,918)</u>	<u>\$ -</u>	<u>\$ (14,130)</u>
				<u>\$ (8,666)</u>

NEIGHBOURHOOD BASKETBALL ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2011

	<u>2011</u>	<u>2010</u>
CASH FROM (FOR) OPERATING ACTIVITIES		
Excess of revenues over expenditures	(14,130)	(8,666)
- amortization	<u>2,212</u>	<u>2,763</u>
	(11,918)	(5,903)
Change in non-cash working capital balances		
- HST receivable	(728)	499
- prepaid expenses	26	910
- accounts payable	(7,349)	5,625
- deferred revenue	<u>25,850</u>	<u>(210)</u>
INCREASE IN CASH	5,881	921
CASH, beginning of year	<u>963</u>	<u>42</u>
CASH, end of year	\$ <u>6,844</u>	\$ <u>963</u>

NEIGHBOURHOOD BASKETBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2011

1. PURPOSE OF THE ASSOCIATION

The Neighbourhood Basketball Association was incorporated on August 1, 2008 under The Canada Corporations Act as a registered charity under paragraph 149(1)(f) of the Income tax Act, and is not subject to income tax.

The Charity is a community-based, charitable organization established in response to critical community needs. The mission is to improve the life outcomes for at-risk, criminalized, Black youth by providing free or low-cost educational, recreational and social development opportunities.

2. SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

Capital assets are recorded at cost. Amortization is accounted for on the declining balance basis at the following rates.

Program equipment	20%
Office equipment	20%

Revenue Recognition

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

Restricted Funds

The restricted fund reflects grants from the Ontario Trillium Foundation and Telus Toronto Community Board to enhance the "No Books, No Basketball" - Academic and Athletic Mentoring Program. The main objective of the program is to provide high-risk students residing in the Kingston-Galloway community who are currently in grades 5-8 with structured, supervised and goal-orientated academic and athletic training. By reaching these students at an early age in their academic careers, it is the hope that the program will equip them with the tools to make positive life choices, avoid gang involvement/criminalization, achieve academic success and position themselves to have multiple career options.

NEIGHBOURHOOD BASKETBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

Restricted funds

The program strives to educate the student athlete on the basic fundamentals of basketball, nutrition, sportsmanship, education, fitness training, skill development, strength and conditioning. The program strives to develop the highest level of basketball skills attainable by the individual player and/or team by creating focused athletes who are aware of the mental, spiritual and physical aspects of fitness, life, education and the game of basketball.

Use of Estimates

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, which require management to make assumptions and estimates 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 and expenses during the reporting period. Actual results could differ from these estimates.

Financial Instruments

The Charity's financial instruments include cash and accounts payable. It is management's opinion that the company is not exposed to significant interest, currency or credit risks.

The fair value of the cash and accounts payable approximates their carrying value due to the short-term maturities of these items.

3. CAPITAL ASSETS

	2011		2010	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Program equipment	14,775	6,265	8,510	10,638
Office equipment	580	246	334	418
	<u>\$ 15,355</u>	<u>\$ 6,511</u>	<u>\$ 8,844</u>	<u>\$ 11,056</u>

4. DONATED SERVICES

Many individuals volunteer their time to the Charity. No value has been placed on the volunteers time in these financial statements.

NEIGHBOURHOOD BASKETBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2011

5. CAPITAL MANAGEMENT

The Charity's objectives when managing capital are to provide sufficient funding to carry out its functions, duties and powers to maintain financial strength. There are no external imposed requirements.