

---

**YOUTH WITHOUT SHELTER**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**

---

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Youth Without Shelter, which comprise the statement of financial position as at March 31, 2011 and the statements of operations and 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 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 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.

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the organization derives revenue from donation and fundraising revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue 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 donation and fundraising revenue, excess of revenue over expenses for the year, 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 donation and fundraising revenue, the financial statements present fairly, in all material respects, the financial position of Youth Without Shelter as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Cowperthwaite Mehta*

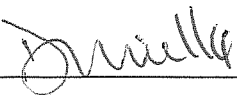
Chartered Accountants  
Licensed Public Accountants

June 22, 2011  
Toronto, Ontario

**YOUTH WITHOUT SHELTER**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2011**

	2011	2010
<b>ASSETS</b>		
Current assets		
Cash	\$ 220,782	\$ 249,924
Short-term investments	398,189	120,016
City of Toronto Hostel Services receivable	46,567	37,421
GST and other amounts receivable	31,855	6,895
Prepaid expenses and deposits	<u>14,546</u>	<u>16,745</u>
	711,939	431,001
Internally restricted investments (note 5)	200,000	200,000
Property and equipment (note 6)	<u>2,364,952</u>	<u>2,424,780</u>
	<u>\$ 3,276,891</u>	<u>\$ 3,055,781</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 33,214	\$ 41,675
Deferred revenue (note 7)	<u>68,895</u>	<u>5,226</u>
	102,109	46,901
Deferred property and equipment grants (note 9)	<u>1,976,288</u>	<u>2,052,610</u>
	<u>2,078,397</u>	<u>2,099,511</u>
Net assets		
Internally restricted (note 10)	200,000	200,000
Unrestricted	<u>998,494</u>	<u>756,270</u>
	<u>1,198,494</u>	<u>956,270</u>
	<u>\$ 3,276,891</u>	<u>\$ 3,055,781</u>

Approved on behalf of the Board:

  
 \_\_\_\_\_, Director

  
 \_\_\_\_\_, Director

see accompanying notes

# YOUTH WITHOUT SHELTER

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
<b>REVENUE</b>		
City of Toronto		
Per diem fees	\$ 956,699	\$ 985,285
Community Housing Support	87,069	85,789
Personal needs allowances (note 11)	37,305	41,294
Other	93,506	
Donations and fundraising (note 12)	505,779	348,390
Grants	353,798	313,453
Other	16,167	16,350
Amortization of property and equipment grants	<u>108,097</u>	<u>94,447</u>
	<u>2,158,420</u>	<u>1,885,008</u>
<b>EXPENSES</b>		
<b>Salaries and benefits</b>	1,142,386	1,124,282
<b>Administration and operational</b>		
Residents' needs	125,696	130,935
Food services	121,355	109,215
Materials and services	86,666	78,106
Personal needs allowances (note 11)	37,319	41,464
Insurance	26,888	27,049
Transportation and communication	17,941	18,429
<b>Property management and building</b>		
Building maintenance and services	191,987	130,484
Utilities and property tax	55,264	44,595
Amortization	<u>110,694</u>	<u>108,277</u>
	<u>1,916,196</u>	<u>1,812,836</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	242,224	72,172
Net assets, beginning of year	<u>956,270</u>	<u>884,098</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,198,494</u>	<u>\$ 956,270</u>

see accompanying notes

# YOUTH WITHOUT SHELTER

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Cash received from operations:		
Excess of revenue over expenses for the year	\$ 242,224	\$ 72,172
Add back (deduct) non-cash items:		
Amortization of property and equipment	110,694	108,277
Amortization of deferred property and equipment grants	(108,097)	(94,447)
In-kind contributions	(155,345)	(155,382)
In-kind expenses - food and residents' needs	155,345	155,382
Net change in working capital items:		
(Increase) decrease in accounts receivable	(34,106)	16,703
(Increase) decrease in prepaid expenses and deposits	2,199	3,192
Increase (decrease) in accounts payable and accrued liabilities	(8,461)	19
(Decrease) increase in deferred revenue	<u>63,669</u>	<u>(41,709)</u>
Net cash generated from operations	<u>268,122</u>	<u>64,207</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of short-term investments	(278,173)	(2,632)
Purchase of property and equipment	<u>(50,866)</u>	<u>(12,741)</u>
Net cash invested	<u>(329,039)</u>	<u>(15,373)</u>
<b>FINANCING ACTIVITIES</b>		
Property and equipment grants received	<u>31,775</u>	<u>          </u>
<b>NET CASH GENERATED (USED IN) THE YEAR</b>	(29,142)	48,834
Cash, beginning of year	<u>249,924</u>	<u>201,090</u>
<b>CASH, END OF YEAR</b>	<u>\$ 220,782</u>	<u>\$ 249,924</u>

see accompanying notes

# YOUTH WITHOUT SHELTER

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 1. THE ORGANIZATION

Youth Without Shelter (the "shelter") is a registered charity incorporated in the Province of Ontario without share capital. It is incorporated under the name Youth Without Shelter Terra House North Toronto Emergency and Referral Agency.

The shelter operates two facilities with a link between the two buildings. The original shelter operates a 30-bed residence in Toronto for temporary shelter and provides a supportive environment for youth in times of personal and family crisis. The second building offers a stay-in-school program for an additional 20 youth by providing long term transitional housing and support.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with prior years. Outlined below are those policies considered particularly significant:

#### Investments

The organization classifies its fixed income securities as held-for-trading. Held-for-trading securities, which are purchased for sale in the near term, are reported at estimated fair value. Realized and unrealized gains and losses are recognized as investment income when they arise. Transaction costs related to financial instruments classified as held-for-trading are expensed as incurred.

#### Property and equipment

Property and equipment is recorded at cost. Amortization is provided annually at rates calculated to write off the assets over their estimated useful lives as follows:

Building	- 25 years straight line
Furniture and fixtures	- 20% declining balance
Equipment	- 30% declining balance
Van	- 30% declining balance

#### Revenue recognition

The shelter follows the deferral method of revenue recognition. Its principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Government funding for providing youth accommodation is recognized when services are rendered.
- ii) Other government assistance and grants related to current expenditures is reflected in the accounts as a revenue item in the current year. Amounts received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue. Assistance related to the purchase of property and equipment is recorded as revenue in the same period the related property and equipment are charged to operations. Assistance related to the purchase of land is recorded as a direct addition to net assets in the year of receipt
- iii) Investment income is recorded when earned. Fundraising and other revenue is recorded when funds are received. Pledged donations are not recorded until received.
- iv) Donated property and equipment is recorded at fair market value when fair value can be reasonably estimated.

# YOUTH WITHOUT SHELTER

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Specifically, significant assumptions have been made in arriving at the fair value of donated assets, materials and services recorded annually in the financial statements and in the calculation of net book value of property and equipment.

### 3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The organization classifies the financial assets and financial liabilities into one of the following categories:

*Held-for-trading* - This category comprises term deposits. The fair values of investments are the year end quoted prices. The cost of term deposits maturing within a year, plus accrued interest income, approximates the fair value of these instruments.

*Other financial assets and liabilities* - Other financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

### 4. MANAGEMENT OF CAPITAL

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget.

### 5. INTERNALLY RESTRICTED INVESTMENTS

The shelter maintains certain cash and investments in segregated accounts as designated by the Board for internally restricted purposes (see note 10) . The details of the internally restricted cash and investments held in segregated accounts are as follows:

	2011	2010
Capital fund		
Guaranteed investment certificate	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Contingency fund		
Guaranteed investment certificates	100,000	100,016
Less due to general funds	<u>                    </u>	<u>          (16)</u>
	<u>100,000</u>	<u>100,000</u>
	<u>\$ 200,000</u>	<u>\$ 200,000</u>

# YOUTH WITHOUT SHELTER

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Cost	Accumulated Amortization	2011 Net	2010 Net
Land	<u>\$ 371,162</u>		<u>\$ 371,162</u>	<u>\$ 371,162</u>
Building	2,306,063	(406,083)	1,899,980	1,992,648
Furniture and fixtures	166,218	(83,025)	83,193	58,917
Computer equipment	64,359	(54,264)	10,095	1,307
Van	<u>16,574</u>	<u>(16,052)</u>	<u>522</u>	<u>746</u>
	<u>2,553,214</u>	<u>(559,424)</u>	<u>1,993,790</u>	<u>2,053,618</u>
Total property and equipment	<u>\$ 2,924,376</u>	<u>\$ (559,424)</u>	<u>\$ 2,364,952</u>	<u>\$ 2,424,780</u>

### 7. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2011	2010
City of Toronto Hostel Redirect	\$ 61,000	\$
Prepaid fundraising event revenue	7,895	226
Miscellaneous construction grants	<u>                    </u>	<u>5,000</u>
	<u>\$ 68,895</u>	<u>\$ 5,226</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 5,226	\$ 46,935
Add cash received from grants in year	68,669	
Less - grant revenue earned in year	<u>(5,000)</u>	<u>(41,709)</u>
Deferred revenue, end of year	<u>\$ 68,895</u>	<u>\$ 5,226</u>

# YOUTH WITHOUT SHELTER

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 8. LONG TERM FORGIVABLE LOAN

The Canada Mortgage and Housing Corporation ("CMHC") has provided a forgivable capital loan to a maximum of \$2,300,000 for a term of 15 years. Funds borrowed on this loan are recorded as part of the capital grants. The unforgiven portion of the loan at March 31, 2011 is \$1,699,445 (\$1,852,778 at March 31, 2010).

Forgiveness of the loan is earned at a rate of one-fifteenth of the original principal amount for each year that the shelter continues to own and use the property for youth shelter services. As the loan is forgiven, the contribution to the shelter will be treated as follows:

- The portion of the contribution related to land, estimated at \$371,162, was recorded as a direct increase in net assets in the first year of forgiveness.
- The portion of the contribution related to the cost of the building, leasehold improvements, and furniture and equipment has been deferred and is recognized as revenue over the life of the assets.

The forgivable loan is secured by a first mortgage on the property for the full amount of the loan and a General Assignment of revenues and a first security interest in chattels.

### 9. DEFERRED PROPERTY AND EQUIPMENT GRANTS

Deferred property and equipment grants comprise the following:

	2011	2010
Building	\$ 1,948,230	\$ 1,905,351
Furniture and fixtures	18,878	147,259
Computer	<u>9,180</u>	<u>          </u>
	<u>\$ 1,976,288</u>	<u>\$ 2,052,610</u>

Continuity of deferred property and equipment grants for the year is as follows:

Deferred property and equipment grants, beginning of year	\$ 2,052,610	\$ 2,147,057
Add - property and equipment grants received in year	31,775	(71,595)
- property and equipment grants from deferred revenue		71,595
Less - grant amortized to revenue in year	<u>(108,097)</u>	<u>(94,447)</u>
Deferred revenue, end of year	<u>\$ 1,976,288</u>	<u>\$ 2,052,610</u>

# YOUTH WITHOUT SHELTER

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

---

### 10. INTERNALLY RESTRICTED NET ASSETS

#### Capital fund

The shelter has established a Capital fund to provide for receipt of funds designated by the donor for general or specific capital purposes or directed to this account from general or specific fundraising activities of the shelter. This fund will be used for capital replacement, acquisition, renovation or for unforeseen working capital requirements, as approved by the shelter's Board of Directors.

#### Contingency fund

The Contingency fund was established to preserve the provision of service in the event of a shortfall in contributions, or in the event of disaster or any such other emergency. The fund is not to exceed 90 days of the shelter's operating expenditures from the previous year. Funds contributed are from the shelter's own fundraising efforts or from donations. It is the intention of the shelter to add to the Contingency fund until the maximum of 90 days of operating expenditures is attained.

### 11. PERSONAL NEEDS ALLOWANCES

Residents of the shelter receive assistance with basic personal needs. The City of Toronto provided an allowance to assist with residents' daily living expenses of \$37,305 in 2011 (\$41,294 in 2010). The cost of other residents' needs are met through donations of food, personal items and cash.

### 12. DONATIONS AND FUNDRAISING REVENUE

	2011	2010
Cash donations	\$ 235,038	\$ 127,227
Donations in-kind		
Residents' food	155,345	77,257
Residents' personal needs		78,125
Fundraising	<u>115,396</u>	<u>65,781</u>
	<u>\$ 505,779</u>	<u>\$ 348,390</u>