
YOUTH WITHOUT SHELTER

FINANCIAL STATEMENTS

MARCH 31, 2010

AUDITORS' REPORT

To the Members,
Youth Without Shelter

We have audited the statement of financial position of Youth Without Shelter as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the shelter's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the shelter derives revenue from donations and fundraising, 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 shelter 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.~~

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 referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the shelter as at March 31, 2010 and the results of its operations 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 17, 2010
Toronto, Ontario

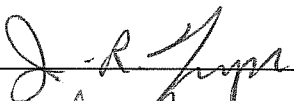
YOUTH WITHOUT SHELTER

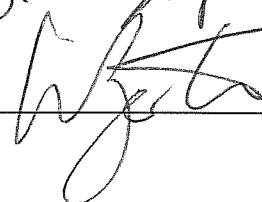
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2010

	2010	2009
ASSETS		
Current assets		
Cash	\$ 249,924	\$ 201,090
Short-term investments	120,016	217,384
City of Toronto Hostel Services receivable	37,421	53,079
GST and other amounts receivable	6,895	7,940
Prepaid expenses and deposits	<u>16,745</u>	<u>19,937</u>
	431,001	499,430
Internally restricted investments (note 5)	200,000	100,000
Property and equipment (note 6)	<u>2,424,780</u>	<u>2,520,316</u>
	<u>\$ 3,055,781</u>	<u>\$ 3,119,746</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 41,675	\$ 41,656
Deferred revenue (note 7)	<u>5,226</u>	<u>46,935</u>
	46,901	88,591
Deferred property and equipment grants (note 9)	<u>2,052,610</u>	<u>2,147,057</u>
	<u>2,099,511</u>	<u>2,235,648</u>
Net assets		
Internally restricted (note 10)	200,000	100,000
Unrestricted	<u>756,270</u>	<u>784,098</u>
	<u>956,270</u>	<u>884,098</u>
	<u>\$ 3,055,781</u>	<u>\$ 3,119,746</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

YOUTH WITHOUT SHELTER

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
REVENUE		
City of Toronto		
Per diem fees	\$ 985,285	\$ 942,998
Personal needs allowances (note 11)	41,294	39,747
Community Housing Support	85,789	84,106
Donations and fundraising (note 12)	348,390	331,274
Grants	313,453	299,691
Other	16,350	13,588
Amortization of property and equipment grants	<u>94,447</u>	<u>110,169</u>
	<u>1,885,008</u>	<u>1,821,573</u>
EXPENSES		
Salaries and benefits	1,124,282	1,100,630
Administration and operational		
Residents' needs	130,935	145,085
Food services	109,215	101,341
Materials and services	78,106	62,790
Personal needs allowances (note 11)	41,464	39,612
Insurance	27,049	27,780
Transportation and communication	18,429	17,605
Property management and building		
Building maintenance and services	130,484	100,384
Utilities and property tax	44,595	50,574
Amortization	<u>108,277</u>	<u>109,397</u>
	<u>1,812,836</u>	<u>1,755,198</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	72,172	66,375
Net assets, beginning of year	<u>884,098</u>	<u>817,723</u>
NET ASSETS, END OF YEAR	<u>\$ 956,270</u>	<u>\$ 884,098</u>

see accompanying notes

YOUTH WITHOUT SHELTER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
OPERATING ACTIVITIES		
Cash received from operations:		
Excess of revenue over expenses for the year	\$ 72,172	\$ 66,375
Add back (deduct) non-cash items:		
Amortization of property and equipment	108,277	109,397
Amortization of deferred property and equipment grants	(94,447)	(110,169)
In-kind contributions	(155,382)	(157,945)
In-kind expenses - food and residents' needs	155,382	157,945
Net change in working capital items:		
Decrease in accounts receivable	16,703	29,509
(Increase) decrease in prepaid expenses and deposits	3,192	(1,818)
Increase in accounts payable and accrued liabilities	19	14,594
(Decrease) increase in deferred revenue	<u>(41,709)</u>	<u>38,524</u>
Net cash generated from operations	<u>64,207</u>	<u>146,412</u>
INVESTING ACTIVITIES		
Sale (purchase) of short-term investments	(2,632)	(79,999)
Purchase of property and equipment	<u>(12,741)</u>	<u>(109,709)</u>
Net cash invested	<u>(15,373)</u>	<u>(189,708)</u>
FINANCING ACTIVITIES		
Property and equipment grants received		<u>38,115</u>
NET CASH GENERATED (USED IN) THE YEAR	48,834	(5,181)
Cash, beginning of year	<u>201,090</u>	<u>206,271</u>
CASH, END OF YEAR	<u>\$ 249,924</u>	<u>\$ 201,090</u>

see accompanying notes

YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

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.
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YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

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:

	2010	2009
Capital fund		
Guaranteed investment certificate	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Contingency fund		
Guaranteed investment certificates	100,016	nil
Less due to general funds	<u>(16)</u>	<u> </u>
	<u>100,000</u>	<u>nil</u>
	<u>\$ 200,000</u>	<u>\$ 100,000</u>

YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Cost	Accumulated Amortization	2010 Net	2009 Net
Land	<u>\$ 371,162</u>		<u>\$ 371,162</u>	<u>\$ 371,162</u>
Building	2,306,063	(313,415)	1,992,648	2,072,576
Furniture and fixtures	126,152	(67,235)	58,917	73,646
Computer equipment	53,559	(52,252)	1,307	1,867
Van	<u>16,574</u>	<u>(15,828)</u>	<u>746</u>	<u>1,065</u>
	<u>2,502,348</u>	<u>(448,730)</u>	<u>2,053,618</u>	<u>2,149,154</u>
Total property and equipment	<u>\$ 2,873,510</u>	<u>\$ (448,730)</u>	<u>\$ 2,424,780</u>	<u>\$ 2,520,316</u>

7. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2010	2009
Miscellaneous construction grants	\$ 5,000	\$ 41,959
Prepaid fundraising event revenue	226	2,640
Art program funding		1,700
Other		<u>636</u>
	<u>\$ 5,226</u>	<u>\$ 46,935</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 46,935	\$ 80,006
Add cash received from grants in year		56,108
Less - grant revenue earned in year	(41,709)	(17,584)
- used to purchase property and equipment (note 9)		<u>(71,595)</u>
Deferred revenue, end of year	<u>\$ 5,226</u>	<u>\$ 46,935</u>

YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

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, 2010 is \$1,852,778 (\$2,006,111 at March 31, 2009).

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:

	2010	2009
Building	\$ 1,905,351	\$ 1,999,798
Furniture and fixtures	<u>147,259</u>	<u>147,259</u>
	<u>\$ 2,052,610</u>	<u>\$ 2,147,057</u>

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

Deferred property and equipment grants, beginning of year	\$ 2,147,057	\$ 2,147,516
Add - property and equipment grants received in year		38,115
- property and equipment grants from deferred revenue		71,595
Less - grant amortized to revenue in year	<u>(94,447)</u>	<u>(110,169)</u>
Deferred revenue, end of year	<u>\$ 2,052,610</u>	<u>\$ 2,147,057</u>

YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

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, or 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 \$41,294 in 2010 (\$39,747 in 2009). The cost of other residents' needs are met through donations of food, personal items and cash.

12. DONATIONS AND FUNDRAISING REVENUE

	2010	2009
Cash donations	\$ 127,227	\$ 132,515
Donations in-kind		
Residents' food	77,257	76,809
Residents' personal needs	78,125	81,136
Fundraising	<u>65,781</u>	<u>40,814</u>
	<u>\$ 348,390</u>	<u>\$ 331,274</u>

13. CHANGE IN ACCOUNTING POLICY

The Canadian Institute of Chartered Accountants (the CICA) has released revisions to the CICA Handbook that relate to not-for-profit organizations. The impact of implementing these standards is limited to the addition of note 4, Management of Capital. They do not affect the organization's financial position in 2010 and are not expected to affect it in 2011.