
YOUTH WITHOUT SHELTER

FINANCIAL STATEMENTS

MARCH 31, 2012 AND MARCH 31, 2011

INDEPENDENT AUDITOR'S REPORT

To the Members,
Youth Without Shelter

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, 2012 and March 31, 2011 and the statements of operations and changes in net assets and cash flows for the years 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 audits. We conducted our audits 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 in our audits 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 shelter 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 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.

Qualified 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 Youth Without Shelter as at March 31, 2012 and March 31, 2011, and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

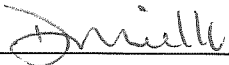
June 27, 2012
Toronto, Ontario


YOUTH WITHOUT SHELTER
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2012 AND MARCH 31, 2011

	2012	2011
ASSETS		
Current assets		
Cash	\$ 440,871	\$ 220,782
Investments	105,950	398,189
City of Toronto Hostel Services receivable	27,568	46,567
HST rebates receivable	28,191	31,855
Prepaid expenses and deposits	<u>39,339</u>	<u>14,546</u>
	641,919	711,939
Internally restricted investments (note 4)	500,000	200,000
Property and equipment (note 5)	<u>2,260,008</u>	<u>2,364,952</u>
	<u>\$ 3,401,927</u>	<u>\$ 3,276,891</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 34,995	\$ 33,214
Deferred revenue (note 6)	<u>185,144</u>	<u>68,895</u>
	220,139	102,109
Deferred property and equipment grants (note 7)	331,951	289,621
Long-term forgivable capital loan (note 8)	<u>1,533,333</u>	<u>1,686,667</u>
	<u>2,085,423</u>	<u>2,078,397</u>
Net assets		
Capital reserve (note 9)	300,000	100,000
Contingency reserve (note 9)	200,000	100,000
Invested in property and equipment	394,724	388,664
Unrestricted	<u>421,780</u>	<u>609,830</u>
	<u>1,316,504</u>	<u>1,198,494</u>
	<u>\$ 3,401,927</u>	<u>\$ 3,276,891</u>

Approved on behalf of the Board:

 _____, Director

 _____, Director

see accompanying notes

YOUTH WITHOUT SHELTER

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2012 AND MARCH 31, 2011

	Capital reserve	Contingency reserve	Unrestricted net assets	Total
NET ASSETS, MARCH 31, 2010	\$ 100,000	\$ 100,000	\$ 756,270	\$ 956,270
Excess of revenue over expenses for the year	_____	_____	<u>242,224</u>	<u>242,224</u>
NET ASSETS, MARCH 31, 2011	100,000	100,000	998,494	1,198,494
Excess of revenue over expenses for the year			118,010	118,010
Net change in net assets invested				
Transfers from unrestricted net assets	<u>200,000</u>	<u>100,000</u>	<u>(300,000)</u>	_____
NET ASSETS, MARCH 31, 2012	<u>\$ 300,000</u>	<u>\$ 200,000</u>	<u>\$ 816,504</u>	<u>\$ 1,316,504</u>

see accompanying notes

YOUTH WITHOUT SHELTER

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2012 AND MARCH 31, 2011

	2012	2011
REVENUE		
City of Toronto		
Per diem fees	\$ 1,000,013	\$ 956,699
Community Housing Support	87,069	87,069
Personal needs allowances (note 10)	45,355	37,305
Donations and fundraising (note 11)	539,607	505,779
Grants	375,632	353,798
Other funding revenue		93,506
Other	6,867	16,167
Amortization of property and equipment grants	<u>118,552</u>	<u>108,097</u>
	<u>2,173,095</u>	<u>2,158,420</u>
EXPENSES		
Salaries and benefits	1,299,330	1,142,386
Administration and operational		
Residents' needs	160,401	125,696
Materials and services	120,090	86,666
Food services	115,685	121,355
Personal needs allowances (note 10)	45,505	37,319
Insurance	26,960	26,888
Transportation and communication	22,085	17,941
Property management and building		
Building maintenance and services	95,025	191,987
Utilities and property tax	57,512	55,264
Amortization	<u>112,492</u>	<u>110,694</u>
	<u>2,055,085</u>	<u>1,916,196</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	118,010	242,224
Net assets, beginning of year	<u>1,198,494</u>	<u>956,270</u>
NET ASSETS, END OF YEAR	<u>\$ 1,316,504</u>	<u>\$ 1,198,494</u>

see accompanying notes

YOUTH WITHOUT SHELTER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2012 AND MARCH 31, 2011

	2012	2011
OPERATING ACTIVITIES		
Cash received from operations:		
Excess of revenue over expenses for the year	\$ 118,010	\$ 242,224
Add back (deduct) non-cash items:		
Amortization of property and equipment	112,492	110,694
Amortization of deferred property and equipment grants	(118,552)	(108,097)
In-kind contributions	(188,971)	(155,345)
In-kind expenses - food and residents' needs	188,971	155,345
Long-term capital loan amount forgiven in year (note 8)	(153,333)	(153,333)
Net change in working capital items:		
(Increase) decrease in accounts receivable	22,663	(34,106)
(Increase) decrease in prepaid expenses and deposits	(24,793)	2,199
Increase (decrease) in accounts payable and accrued liabilities	1,781	(8,461)
(Decrease) increase in deferred revenue	<u>116,249</u>	<u>63,669</u>
Net cash generated from operations	<u>74,517</u>	<u>114,789</u>
INVESTING ACTIVITIES		
Purchase of short-term investments	(7,761)	(278,173)
Purchase of property and equipment	<u>(7,548)</u>	<u>(50,866)</u>
Net cash invested	<u>(15,309)</u>	<u>(329,039)</u>
FINANCING ACTIVITIES		
Property and equipment grants received	<u>160,881</u>	<u>185,108</u>
NET CASH GENERATED (USED IN) THE YEAR	220,089	(29,142)
Cash, beginning of year	<u>220,782</u>	<u>249,924</u>
CASH, END OF YEAR	<u>\$ 440,871</u>	<u>\$ 220,782</u>

see accompanying notes

YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012 AND 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 is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

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 accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Investments

The shelter carries equities, money market funds and fixed income securities at quoted market value. Realized and unrealized gains and losses are recognized as investment income when they arise. Related transaction costs 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, 2012 AND 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. INVESTMENTS AND RISK MANAGEMENT

Investments comprise guaranteed investment certificates issued by a major Canadian chartered bank carried at cost plus accrued interest, which have interest rates ranging from 1.25% to 1.90%.

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

4. INTERNALLY RESTRICTED INVESTMENTS

The shelter Board maintains certain cash and investments in segregated accounts as (see note 9) which are designated for internally restricted purposes. The restricted cash and investments are held in segregated guaranteed investment certificates.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Cost	Accumulated Amortization	2012 Net	2011 Net
Land	<u>\$ 371,162</u>		<u>\$ 371,162</u>	<u>\$ 371,162</u>
Building	2,306,063	(498,752)	1,807,311	1,899,980
Furniture and fixtures	166,219	(99,664)	66,555	83,193
Computer equipment	71,908	(57,293)	14,615	10,095
Van	<u>16,574</u>	<u>(16,209)</u>	<u>365</u>	<u>522</u>
	<u>2,560,764</u>	<u>(671,918)</u>	<u>1,888,846</u>	<u>1,993,790</u>
Total property and equipment	<u>\$ 2,931,926</u>	<u>\$ (671,918)</u>	<u>\$ 2,260,008</u>	<u>\$ 2,364,952</u>

YOUTH WITHOUT SHELTER

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MARCH 31, 2012 AND MARCH 31, 2011

6. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2012	2011
City of Toronto - April advance per diem	\$ 61,000	\$ 61,000
Prepaid City of Toronto Hostel Redirect	65,302	
Deposit on van	30,600	
Prepaid fundraising event revenue	21,725	7,895
Other program funding	<u>6,517</u>	<u></u>
	<u>\$ 185,144</u>	<u>\$ 68,895</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 68,895	\$ 5,226
Add cash received from grants in year	185,144	68,669
Less - grant revenue earned in year	<u>(68,895)</u>	<u>(5,000)</u>
Deferred revenue, end of year	<u>\$ 185,144</u>	<u>\$ 68,895</u>

7. DEFERRED PROPERTY AND EQUIPMENT GRANTS

Deferred property and equipment grants comprise the following:

	2012	2011
Building	\$ 302,875	\$ 261,563
Furniture and fixtures	15,102	18,878
Equipment	<u>13,974</u>	<u>9,180</u>
	<u>\$ 331,951</u>	<u>\$ 289,621</u>

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

Deferred property and equipment grants, beginning of year	\$ 289,621	\$
Add - property and equipment grants received in year	160,882	31,775
Less - grant amortized to revenue in year	<u>(118,552)</u>	<u>(108,097)</u>
Deferred revenue, end of year	<u>\$ 331,951</u>	<u>\$ 289,621</u>

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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, 2012 is \$1,533,333 (\$1,686,667 at March 31, 2011).

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. INTERNALLY RESTRICTED NET ASSETS

Capital reserve

The shelter was 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 reserve

The Contingency reserve 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 reserve until the maximum of 90 days of operating expenditures is attained.

10. 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 \$45,355 in 2012 (\$37,305 in 2011). The cost of other residents' needs are met through donations of food, personal items and cash.

11. DONATIONS AND FUNDRAISING REVENUE

	2012	2011
Cash donations	\$ 215,252	\$ 235,038
Donations in-kind		
Residents' food	73,945	82,425
Residents' personal needs	115,025	72,920
Fundraising	<u>135,385</u>	<u>115,396</u>
	<u>\$ 539,607</u>	<u>\$ 505,779</u>

YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012 AND MARCH 31, 2011

12. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective April 1, 2011, the shelter elected to adopt the Canadian accounting standards for not-for-profit organizations. These are the first financial statements prepared in accordance with this new framework which have been applied retrospectively.

Management reviewed the exemptions provided on transition to the Canadian accounting standards for not-for-profit organizations and has elected to designate all investments to be subsequently measured at fair value, which is consistent with the accounting policy in place at the time of the transition. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the previously reported assets, liabilities and net assets of the shelter, and accordingly, there has been no restatement of previously reported amounts as at the date of the transition, being April 1, 2010. The presentation and disclosures in the financial statements reflect the requirements under the new accounting framework.