
YOUTH WITHOUT SHELTER

FINANCIAL STATEMENTS

MARCH 31, 2013

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, 2013, 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 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 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

June 26, 2013
Toronto, Ontario

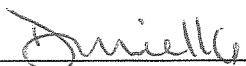
YOUTH WITHOUT SHELTER

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013

	2013	2012
ASSETS		
Current assets		
Cash	\$ 436,932	\$ 440,871
Short-term investments (note 4 and 10)	147,184	105,950
City of Toronto Hostel Services receivable	24,272	27,568
HST rebates receivable	36,348	28,191
Prepaid expenses and deposits	<u>3,867</u>	<u>39,339</u>
	648,603	641,919
Internally restricted investments (note 10)	463,800	500,000
Property and equipment (note 5)	2,216,014	2,260,008
Assets held in trust (note 9)	<u>16,305</u>	<u></u>
	<u>\$ 3,344,722</u>	<u>\$ 3,401,927</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 67,266	\$ 34,995
Deferred revenue (note 6)	<u>94,683</u>	<u>185,144</u>
	161,949	220,139
Deferred property and equipment grants (note 7)	435,874	331,951
Long-term forgivable capital loan (note 8)	1,380,000	1,533,333
Funds held in trust (note 9)	<u>16,305</u>	<u></u>
	<u>1,994,128</u>	<u>2,085,423</u>
Net assets		
Capital reserve (note 10)	263,800	300,000
Contingency reserve (note 10)	200,000	200,000
Invested in property and equipment	400,140	394,724
Unrestricted	<u>486,654</u>	<u>421,780</u>
	<u>1,350,594</u>	<u>1,316,504</u>
	<u>\$ 3,344,722</u>	<u>\$ 3,401,927</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, 2013

	Capital reserve	Contingency reserve	Unrestricted net assets (see note)	Total
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
Transfers from unrestricted net assets	<u>200,000</u>	<u>100,000</u>	<u>(300,000)</u>	<u> </u>
NET ASSETS, MARCH 30, 2012	300,000	200,000	816,504	1,316,504
Excess of revenue over expenses for the year			34,090	34,090
Transfers to unrestricted net assets	<u>(36,200)</u>	<u> </u>	<u>36,200</u>	<u> </u>
NET ASSETS, MARCH 31, 2013	<u>\$ 263,800</u>	<u>\$ 200,000</u>	<u>\$ 886,794</u>	<u>\$ 1,350,594</u>

Note to statement of changes in net assets:

Unrestricted net assets: comprise net assets invested in capital assets and the balance of net assets available for use in operations.

see accompanying notes

YOUTH WITHOUT SHELTER

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
REVENUE		
City of Toronto		
Per diem fees	\$ 1,022,685	\$ 1,000,013
Community Housing Support	87,069	87,069
Personal needs allowances (note 11)	32,985	45,355
Donations and fundraising (note 12)	723,110	539,607
Grants	325,971	375,632
Amortization of property and equipment grants	116,395	118,552
Other	<u>10,664</u>	<u>6,867</u>
	<u>2,318,879</u>	<u>2,173,095</u>
EXPENSES		
Salaries and benefits	1,356,031	1,299,330
Administration and operational		
Materials and services	214,142	120,088
Residents' needs	194,015	160,401
Food services	149,198	115,685
Personal needs allowances (note 11)	33,054	45,505
Insurance	26,960	26,960
Transportation and communication	16,359	22,087
Property management and building		
Building maintenance and services	119,622	95,025
Utilities and property tax	50,605	57,512
Amortization	<u>124,803</u>	<u>112,492</u>
	<u>2,284,789</u>	<u>2,055,085</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	34,090	118,010
Net assets, beginning of year	<u>1,316,504</u>	<u>1,198,494</u>
NET ASSETS, END OF YEAR	<u>\$ 1,350,594</u>	<u>\$ 1,316,504</u>

see accompanying notes

YOUTH WITHOUT SHELTER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Cash received from operations:		
Excess of revenue over expenses for the year	\$ 34,090	\$ 118,010
Add back (deduct) non-cash items:		
Amortization of property and equipment	124,803	112,492
Amortization of deferred property and equipment grants	(116,395)	(118,552)
In-kind contributions	(328,320)	(188,971)
In-kind expenses - food and residents' needs	328,320	188,971
Net change in working capital items:		
(Increase) decrease in City of Toronto Hostel Services receivable	3,296	18,998
Increase (decrease) in HST rebates receivable	(8,157)	3,665
(Increase) decrease in prepaid expenses and deposits	35,472	(24,793)
Increase in accounts payable and accrued liabilities	32,271	1,781
(Decrease) increase in deferred revenue	<u>(90,461)</u>	<u>116,249</u>
Net cash generated from operations	<u>14,919</u>	<u>227,850</u>
INVESTING ACTIVITIES		
Purchase of short-term investments	(5,034)	(7,761)
Purchase of property and equipment	<u>(80,809)</u>	<u>(7,548)</u>
Net cash invested	<u>(85,843)</u>	<u>(15,309)</u>
FINANCING ACTIVITIES		
Property and equipment grants received	<u>66,985</u>	<u>7,548</u>
NET CASH GENERATED (USED) IN THE YEAR	(3,939)	220,089
Cash, beginning of year	<u>440,871</u>	<u>220,782</u>
CASH, END OF YEAR	<u>\$ 436,932</u>	<u>\$ 440,871</u>

see accompanying notes

YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

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 on a basis consistent with prior years. 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, 2013

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 RISKS

Financial instruments expose the shelter to risks which may affect the cash flows of the organization. Specifically:

Interest rate risk is the risk that fluctuations in interest rates will reduce the shelter's cash flow from investments. The shelter's cash and short-term investments include fixed rate instruments with maturities that are generally reinvested as they mature. The shelter has exposure to interest rate movements that occur beyond the term of maturity of the fixed rate investments.

Credit risk arises from the possibility that per diems are not paid on a timely basis.

Liquidity risk is the risk that the shelter will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements.

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

4. INVESTMENTS

Short-term 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 1.30% and with maturities ranging from May 2013 to June 2016.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Cost	Accumulated Amortization	2013 Net	2012 Net
Land	\$ 371,162		\$ 371,162	\$ 371,162
Building	2,319,887	(589,118)	1,730,769	1,807,311
Furniture and fixtures	166,219	(112,975)	53,244	66,555
Computer equipment	32,247	(8,569)	23,678	14,615
Van	69,661	(32,500)	37,161	365
	<u>2,588,014</u>	<u>(743,162)</u>	<u>1,844,852</u>	<u>1,888,846</u>
Total property and equipment	<u>\$ 2,959,176</u>	<u>\$ (743,162)</u>	<u>\$ 2,216,014</u>	<u>\$ 2,260,008</u>

YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

6. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2013	2012
Prepaid City of Toronto Hostel Redirect	\$ 65,302	\$ 65,302
Prepaid fundraising event revenue	16,200	21,725
City of Toronto - April advance per diem		61,000
Deposit on van		30,600
Other program funding	<u>13,181</u>	<u>6,517</u>
	<u>\$ 94,683</u>	<u>\$ 185,144</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 185,144	\$ 68,895
Add restricted contributions received and unspent in year	94,683	185,144
Less - restricted contributions spent in year	(154,544)	(68,895)
- used to purchase property and equipment (note 7)	<u>(30,600)</u>	<u> </u>
Deferred revenue, end of year	<u>\$ 94,683</u>	<u>\$ 185,144</u>

7. DEFERRED PROPERTY AND EQUIPMENT GRANTS

Deferred property and equipment grants comprise the following:

	2013	2012
Building	\$ 362,953	\$ 302,875
Furniture and fixtures	12,082	15,102
Computer equipment	23,678	13,974
Vehicle	<u>37,161</u>	<u> </u>
	<u>\$ 435,874</u>	<u>\$ 331,951</u>

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

Deferred property and equipment grants, beginning of year	\$ 331,951	\$ 289,621
Add - property and equipment grants received in year	189,718	160,882
- property and equipment grants from deferred revenue	30,600	
Less - grant amortized to revenue in year	<u>(116,395)</u>	<u>(118,552)</u>
Deferred revenue, end of year	<u>\$ 435,874</u>	<u>\$ 331,951</u>

YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

8. LONG TERM FORGIVABLE CAPITAL 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, 2013 is \$1,380,000 (\$1,533,333 at March 31, 2012).

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. FUNDS ADMINISTERED FOR OTHERS

The shelter is administering funds of \$16,305 on behalf of the Youth Shelter Interagency Network. The funds are held in cash.

10. INTERNALLY RESTRICTED INVESTMENTS AND NET ASSETS

The Board of Directors designated a portion of net assets to be set aside in reserves. The shelter Board maintains certain cash and guarantee investment certificates in segregated accounts as which are designated for internally restricted purposes.

Capital reserve

The shelter 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.

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 \$32,985 in 2013 (\$45,355 in 2012). The cost of other residents' needs are met through donations of food, personal items and cash.

YOUTH WITHOUT SHELTER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

12. DONATIONS AND FUNDRAISING REVENUE

	2013	2012
Cash donations	\$ 199,401	\$ 215,252
Donations in-kind		
Residents' food	100,259	73,945
Residents' personal needs	228,061	115,025
Fundraising	<u>195,388</u>	<u>135,385</u>
	<u>\$ 723,109</u>	<u>\$ 539,607</u>