

Financial statements of

YOUTHLINK

March 31, 2012

YOUTHLINK

March 31, 2012

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Independent Auditor's Report

To the Members of YOUTHLINK

We have audited the accompanying financial statements of YOUTHLINK, which comprise the statement of financial position as at March 31, 2012, the statements of operations and changes in fund balances, and of 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of YOUTHLINK as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants
July 26, 2012

YOUTHLINK

Statement of financial position as at March 31, 2012

	2012			2011	
	Operating Fund	Capital Fund	Special Purpose Funds (Note 7)	Total	Total
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash	283,360	-	-	283,360	45,928
Accounts receivable	270,243	-	-	270,243	272,194
Prepaid expenses and deposits	25,457	-	-	25,457	37,226
	579,060	-	-	579,060	355,348
Capital assets (Note 3)	-	2,212,049	-	2,212,049	2,405,143
Investments (Note 4)	-	-	1,164,549	1,164,549	1,260,311
	579,060	2,212,049	1,164,549	3,955,658	4,020,802
Liabilities					
Current liabilities					
Accounts payable and accrued charges	415,456	2,500	97,993	515,949	366,302
Deferred revenue (Note 5)	308,131	-	-	308,131	196,000
Interfund balances	(43,372)	27,895	15,477	-	-
	680,215	30,395	113,470	824,080	562,302
Deferred capital contributions (Note 6)	-	2,049,890	-	2,049,890	2,236,968
	680,215	2,080,285	113,470	2,873,970	2,799,270
Fund balances	(101,155)	131,764	1,051,079	1,081,688	1,221,532
	579,060	2,212,049	1,164,549	3,955,658	4,020,802

Approved by the Board



Teri McCoppin
Audit Committee Chair



Sandy Mundy
Board Chair

YOUTHLINK

Statement of operations and changes in fund balances year ended March 31, 2012

	2012			2011	
	Operating Fund	Capital Fund	Special Purpose Funds	Total	Total
	\$	\$	\$	\$	\$
Revenue					
Province of Ontario grants	2,821,460	-	-	2,821,460	2,736,428
City of Toronto	928,016	-	-	928,016	897,129
United Way	747,439	-	-	747,439	749,347
Other income	617,338	21,823	-	639,161	712,356
Pathways Canada	905,232	-	-	905,232	641,866
Donations and bequests	398,993	-	47,899	446,892	415,186
Investment income	14,544	4,104	2,210	20,858	39,933
Federal grants	9,729	-	-	9,729	6,255
Amortization of deferred capital contributions	-	187,078	-	187,078	201,022
	6,442,751	213,005	50,109	6,705,865	6,399,522
Expenses					
Salaries and benefits	4,360,176	-	180,785	4,540,961	4,301,592
Building occupancy	685,966	-	-	685,966	658,236
Program	569,866	-	-	569,866	591,189
Purchased services	251,775	2,500	2,225	256,500	305,448
Client	231,633	-	4,975	236,608	203,999
Office	151,598	-	-	151,598	162,135
Food services	62,565	-	-	62,565	68,778
Staff training/conferences	43,830	-	26,609	70,439	38,143
Miscellaneous	29,967	-	11,122	41,089	29,680
Staff travel	31,576	-	-	31,576	28,737
Promotion and publicity	9,052	-	-	9,052	10,359
Amortization	-	193,094	-	193,094	215,704
	6,428,004	195,594	225,716	6,849,314	6,614,000
(Deficiency) excess of revenue over expenses before the undernoted item	14,747	17,411	(175,607)	(143,449)	(214,478)
Change in unrealized (loss) gain on investments	-	-	3,605	3,605	(11,753)
(Deficiency) excess of revenue over expenses for the year	14,747	17,411	(172,002)	(139,844)	(226,231)
Fund balances, beginning of year	(115,902)	114,353	1,223,081	1,221,532	1,447,763
Fund balances, end of year	(101,155)	131,764	1,051,079	1,081,688	1,221,532

YOUTHLINK

Statement of cash flows

year ended March 31, 2012

				2012	2011
	Operating Fund	Capital Fund	Special Purpose Funds	Total	Total
	\$	\$	\$	\$	\$
Operating activities					
(Deficiency) excess of revenue over expenses	14,747	17,411	(172,002)	(139,844)	(226,231)
Items not affecting cash:					
Amortization of capital assets	-	193,094	-	193,094	215,704
Amortization of deferred capital contributions	-	(187,078)	-	(187,078)	(201,022)
Change in unrealized loss on investments	-	-	3,605	3,605	11,753
	14,747	23,427	(168,397)	(130,223)	(199,796)
Changes in non-cash operating items:					
Accounts receivable	1,951	-	-	1,951	(16,256)
Prepaid expenses and deposits	11,769	-	-	11,769	46,071
Accounts payable and accrued charges	49,154	2,500	97,993	149,647	(11,711)
Deferred revenue	112,131	-	-	112,131	(43,811)
	189,752	25,927	(70,404)	145,275	(225,503)
Investing activities					
Additions to capital assets	-	-	-	-	(10,706)
Sale (Purchase) of investments - net	-	-	92,157	92,157	(8,631)
	-	-	92,157	92,157	(19,337)
Financing activities					
Change in interfund balances	81,571	(25,927)	(55,644)	-	-
Deferred capital contributions (Note 6)	-	-	-	-	14,272
	81,571	(25,927)	(55,644)	-	14,272
Net cash inflow (outflow)	271,323	-	(33,891)	237,432	(230,568)
Cash, beginning of year	12,037	-	33,891	45,928	276,496
Cash, end of year	283,360	-	-	283,360	45,928

YOUTHLINK

Notes to the financial statements

March 31, 2012

1. Description of operations

YOUTHLINK is a charitable organization registered under the Income Tax Act. In operation since 1914, YOUTHLINK addresses the needs of disadvantaged youth by providing a multi-faceted service that responds to their developmental, emotional and social needs and acts as an advocate on their behalf within the community.

2. Significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations, using the deferral method of reporting restricted contributions.

Description of funds

- a) Operating Fund - All recurring revenue and expenses related to the operations of YOUTHLINK are recorded in the Operating Fund.
- b) Capital Fund - All capital assets and related amounts are included in the Capital Fund.
- c) Special Purpose Funds - Life memberships, donations for renovations, bequests, and endowments are held in these funds. Transfers to the Operating Fund may be made for specific purposes from time to time as determined by the Board of Directors.

In 2011, the Board of Directors established a policy regarding its reserves. This policy led to the categorization of its reserves into two funds. The first fund established is the "Reserve." This fund is internally restricted and intended for use in the event of a financial emergency or in the event of an interruption in cash flow.

The second fund is the "Special Purposes Fund." This fund contains any surplus funds in excess of the Reserve, as defined above. The Special Purposes Fund has two sub-funds; the "Designated Fund" and the "Discretionary Fund." The Designated Fund will be disbursed according to the wishes of the donors (externally restricted funds) or the Board of Directors (internally restricted funds). The discretionary fund may be borrowed against for operations and requires a plan to replenish the funds over time.

Included in the Special Purposes Funds-designated is the People Fund which contains the following four funds:

Camping Fund (externally restricted) - created to offset camping expenses incurred by YOUTHLINK. Only the interest on the original donation of \$6,000 is available to be used for this purpose.

Education Fund (internally restricted) - created to offset continuing education expenses incurred by YOUTHLINK.

Joy Blossom (externally restricted) - created by a donation from the estate of Mrs. Edna Byrne. The interest on this donation can be used for crippled or ill Little Sisters.

Staff/Volunteer Education Fund (internally restricted) - created by a one-time allocation of surplus funds to be used for the ongoing education of staff and volunteers.

Also included in the Special Purpose Fund is the Big Sister Legacy Fund ("BSLF"). In 2006, the BSLF was established with a \$100,000 allocation of the proceeds on the sale of the Big Sister Thrift Shop. Restricted donations and interest income earned are recorded in the BSLF. Any expenses are approved by the BSLF Committee.

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Notes to the financial statements

March 31, 2012

2. Significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost. Leasehold improvements are amortized over the lease term. Tenant improvements are amortized on the declining-balance basis over the term of the related lease. Buildings, computer equipment and furniture and equipment with a value greater than \$5,000 are amortized on a straight-line basis over their average estimated useful lives, estimated as follows:

Buildings	20 years
Furniture and fixtures	5 years
Computer equipment	3 years
Tenant improvements	10 years
Leasehold improvements	Term of the lease

Income taxes

Under the Income Tax Act, the Organization is classified as a registered charity and is exempt from income tax provided it complies with certain requirements as specified by the Act. As of March 31, 2012 YOUTHLINK has complied with these requirements.

Financial instruments

YOUTHLINK has classified each of its financial instruments into the following categories:

<u>Asset/liability</u>	<u>Category</u>
Cash	Held-for-trading
Investments	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

The category for an item determines its accounting.

- Held-for-trading items are carried at fair value, with changes in their fair value recognized in the Statement of Operations.
- Loans and receivables are carried at amortized cost, using the effective interest method, net of any impairment.
- Other liabilities are carried at amortized cost, using the effective interest method.

As allowed under Section 3855 of the Canadian Institute of Chartered Accountants ("CICA") Handbook "Financial Instruments - Recognition and Measurement", YOUTHLINK has elected not to account for non-financial contracts as derivatives, and not to account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

YOUTHLINK has elected to follow the disclosure requirements of Section 3861 "Financial Instruments - Disclosure and Presentation" of the CICA Handbook. Transaction costs are expensed as incurred.

Revenue recognition

Donations, bequests and grants are recorded when received or receivable. Donations, which have been restricted through specific direction from a contributor, are deferred and recorded as revenue when the related expense occurs. Project grants received in advance of the related expense are recorded as deferred revenue. Donations and grants received specifically for the purchase of capital assets are deferred and amortized to revenue on the same basis as the related capital asset.

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Notes to the financial statements

March 31, 2012

2. Significant accounting policies (continued)

Investments

Investments are recorded at fair value, which represents par value plus accrued interest. It is the intention of management to roll over the investments as they come due and, as a result, they are recorded as long term investments. Should the intention of management change, the classification of the investments will reflect the change.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses for the year then ended. Actual results may differ from such estimates. Estimates used in the preparation of the financial statements include amortization rates for capital assets, fair value of investments, deferred revenue and accrued liabilities.

Future accounting changes

On December 9, 2010, the CICA issued accounting standards for Not-for-profit organizations (Part III of the CICA Handbook - Accounting). Effective for fiscal years beginning on or after January 1, 2012, Not-for-profit organizations are required to adopt either Part III of the CICA Handbook - Accounting, or International Financial Reporting Standards (Part I of the CICA Handbook - Accounting). YOUTHLINK currently plans to adopt the new Canadian accounting standards for Not-for-profit organizations (for its fiscal year beginning on April 1, 2012). The impact of transitioning to these new standards has not been determined at this time.

3. Capital assets

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	316,151	-	316,151	316,151
Buildings	3,409,565	1,562,149	1,847,416	2,002,480
Computer equipment	349,809	346,847	2,962	6,596
Furniture and fixtures	378,001	366,833	11,168	20,821
Tenant improvements	202,790	171,360	31,430	53,252
Leasehold improvements	77,079	74,157	2,922	5,843
	4,733,395	2,521,346	2,212,049	2,405,143

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Notes to the financial statements

March 31, 2012

4. Investments

	2012		2011	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Fixed income				
Big Sister Legacy Fund	97,808	98,747	115,848	111,951
Other funds	605,001	609,276	736,480	749,176
Money market funds				
Big Sister Legacy Fund	17,454	17,454	2,180	2,180
Other funds	439,091	439,072	397,003	397,004
	1,159,354	1,164,549	1,251,511	1,260,311

The fixed income investments bear interest at rates varying from 1.95% to 4.52% (2011 – from 1.75% to 4.85 %) and mature at various dates from April 4 to October 16, 2012 (2011 – from April 1 to December 14, 2011).

5. Deferred revenue

	2012	2011
	\$	\$
Pathways Canada	208,116	23,012
North West Scarborough Youth Centre	40,547	46,403
City of Toronto	22,138	68,570
Miscellaneous	12,306	14,909
Counselling Foundation	10,000	10,000
Rosalie Hall	8,774	8,774
Trillium Foundation	6,250	24,332
Balance, end of year	308,131	196,000

6. Deferred capital contributions

Deferred capital contributions represent restricted donations, government grants, transfers from the Special Purpose Funds and an allocation of gain on sale of property (as approved by the Board) for the purchase of capital assets. The changes in the deferred contribution balance are as follows:

	2012	2011
	\$	\$
Balance, beginning of year	2,236,968	2,423,718
Capital donations	-	14,272
Amortization to revenue	(187,078)	(201,022)
Balance, end of year	2,049,890	2,236,968

YOUTHLINK

Notes to the financial statements

March 31, 2012

7. Special Purpose Fund balances

	Balance March 31, 2011	Excess (deficiency) of revenue over expenses	Balance March 31, 2012
	\$	\$	\$
Reserve	800,000	-	800,000
Special Purposes Funds - designated			
Karen Positano	11,122	(11,122)	-
Big Sister Legacy Fund	114,132	1,410	115,542
People	79,207	(275)	78,932
Special Purposes Funds - discretionary			
Discretionary - unrestricted	218,620	(162,015)	56,605
	1,223,081	(172,002)	1,051,079

8. Commitments

YOUTHLINK leases premises and equipment under operating leases which expire at various dates up to October 2016. Future minimum lease payments are as follows:

	\$
2013	30,800
2014	13,510
2015	11,240
2016	9,440
2017	4,090
	69,080

9. Guarantees

In the normal course of business, YOUTHLINK enters into agreements that meet the definition of a guarantee. Indemnity has been provided to all directors and/or officers of YOUTHLINK for various items including, but not limited to, all costs to settle suits or actions due to association with YOUTHLINK, subject to certain restrictions. YOUTHLINK has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of YOUTHLINK. The maximum amount of any potential future payment cannot be reasonably estimated.

10. Capital disclosures

YOUTHLINK considers its capital to be fund balances, deferred revenue, and deferred capital contributions.

Fund balances

As a not-for-profit organization, YOUTHLINK's operations are reliant on revenues generated annually. YOUTHLINK has accumulated fund balances over its history to March 31, 2012 of \$1,094,405 (2011 - \$1,221,532) which are presented in the Balance sheet as fund balances.

The amount of funds invested in the capital fund represents accumulated net assets that are internally restricted.

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Notes to the financial statements

March 31, 2012

10. Capital disclosures (continued)

Fund balances (continued)

The Operating Fund balance represents capital that may be utilized for general operations and has no restrictions.

Deferred capital contributions

Capital contributions are amortized over the life of the related capital assets. At March 31, 2012, YOUTHLINK was in compliance with all restrictions related to such grants.

Deferred revenue

Amounts received which have been restricted are recorded as revenue when the related expense is incurred. Unspent funds are recorded as deferred revenue. At March 31, 2012, YOUTHLINK was in compliance with all restrictions related to such amounts.

11. Financial instruments and risk management

Fair value of financial instruments

YOUTHLINK's financial instruments recognized on the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities. The carrying amounts of these instruments approximate their fair value due to the short-term maturity of these instruments.

Credit risk

YOUTHLINK is exposed to credit risk with respect to its accounts receivable. In order to reduce its credit risk, YOUTHLINK regularly reviews the outstanding receivable balance to determine if any amounts are significantly past due. YOUTHLINK does not have significant exposure to any individual funder.

Market risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose YOUTHLINK to the risk of loss.

12. Comparative amount

The 2011 comparative amount of interest receivable of \$32,465 has been reclassified to investments, in order to conform to the current year's presentation.