



Financial Statements

Youth Employment Services YES

March 31, 2012

YOUTH EMPLOYMENT SERVICES YES
2012 Financial Statements

Contents

	Page
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Operations and Changes in Fund Balance - Operating Fund	3
Statement of Operations and Changes in Fund Balance - Special Projects Fund	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10

Independent Auditor's Report

**To the Board of Directors of
Youth Employment Services YES**

Grant Thornton LLP
Suite 200
41 Valleybrook Drive
Toronto, ON
M3B 2S6
T +1 416 449 9171
F +1 416 449 7401
E NorthToronto@ca.gt.com
www.GrantThornton.ca

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Youth Employment Services YES 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
Toronto, Canada
June 25, 2012

YOUTH EMPLOYMENT SERVICES YES
Statement of Financial Position
As at March 31

	2012	2011
ASSETS		
Current assets		
Cash	\$ 629,188	\$ 789,811
Marketable securities	2,045,639	1,720,072
Accounts receivable	242,288	411,800
	2,917,115	2,921,683
Leasehold improvements and equipment (note 3)	148,827	218,529
	\$ 3,065,942	\$ 3,140,212
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 710,089	\$ 759,419
Deferred revenue (note 4)	72,980	149,786
	783,069	909,205
Deferred contributions (note 5)	148,470	218,172
	931,539	1,127,377
Fund balances		
Operating Fund deficit	(4,267)	(3,429)
Special Projects Fund (note 6)	2,138,670	2,016,264
	2,134,403	2,012,835
	\$ 3,065,942	\$ 3,140,212

See accompanying notes

On behalf of the Board:

Director

Director

YOUTH EMPLOYMENT SERVICES YES

Statement of Operations and Changes in Fund Balance - Operating Fund Year ended March 31

	2012	2011
Revenue		
Provincial Government		
Employment Service	\$ 2,478,844	\$ 1,888,392
Employment Service - stipends	358,150	276,735
Job Connect	-	701,800
Summer Jobs Service (SJS)	987,974	1,005,617
Employment Resource Centre - ERC	-	175,911
Reconnect	-	138,857
Job Camp	-	117,704
Entry Point	19,454	67,755
Summer Company	30,195	21,366
Passion for Fashion	72,542	64,099
Federal Government		
Job Camp (Skills Link)	-	222,721
Job Central	490,595	407,868
Youth Collaboration	361,469	273,106
BizStart	379,564	399,024
Career Focus - Great Grads	-	30,075
City of Toronto		
Toronto Social Services (Ontario Works)	116,662	102,720
Streets to Jobs	57,063	57,072
Other		
Investing in Neighbourhoods	48,840	52,271
Interest income	6,540	4,098
Amortization of deferred contributions (note 5)	100,236	91,436
Less: deferred revenue from provincial government (note 4)	(1,695)	(124,265)
Less: deferred funding for leasehold improvements and equipment (note 5)	(30,534)	(275,164)
	5,475,899	5,699,198
Expenses		
Participants' stipends, training allowance and benefits	1,734,305	1,748,516
Staff salaries and benefits	3,026,264	2,973,389
Program operating costs	766,714	871,610
Amortization of leasehold improvements and equipment	100,236	91,436
Other expenses	44,218	140,035
	5,671,737	5,824,986
Deficiency of revenue over expenses	(195,838)	(125,788)
Operating Fund deficit, beginning of year	(3,429)	(7,641)
Transfer from Special Projects Fund (note 6)	195,000	130,000
Operating Fund deficit, end of year	\$ (4,267)	\$ (3,429)

See accompanying notes

YOUTH EMPLOYMENT SERVICES YES

Statement of Operations and Changes in Fund Balance - Special Projects Fund Year ended March 31

	2012	2011
Revenue		
Unrestricted donations	\$ 199,013	\$ 355,226
Restricted donations	102,889	57,505
Investment income	60,979	8,347
	<hr/>	<hr/>
	362,881	421,078
Expenses		
Investment fees	(10,676)	(10,410)
	<hr/>	<hr/>
Excess of revenue over expenses	352,205	410,668
Accumulated gains and losses included directly in the statement of changes in fund balance:		
Balance, beginning of year	117,760	31,905
Unrealized gains on marketable securities arising during the year	26,180	94,202
Reclassification adjustment for realized gains included in revenue	(60,979)	(8,347)
	<hr/>	<hr/>
Balance, end of year	82,961	117,760
Fund balance, beginning of year	1,898,504	1,617,836
Special Projects Fund balance, end of year, before transfer	2,333,670	2,146,264
Transfer to Operating Fund (note 6)	(195,000)	(130,000)
Special Projects Fund balance, end of year	<hr/> <hr/>	<hr/> <hr/>
	\$ 2,138,670	\$ 2,016,264

See accompanying notes

YOUTH EMPLOYMENT SERVICES YES
Statement of Cash Flows
Year ended March 31

	2012	2011
Operating activities		
Deficiency of revenue over expenses		
Operating Fund	\$ (195,838)	\$ (125,788)
Special Projects Fund	352,205	410,668
Add items not involving cash		
Amortization of leasehold improvements and equipment	100,236	91,436
Gain on sale of marketable securities	(60,979)	(8,347)
Amortization of deferred contributions	(100,236)	(91,436)
	95,388	276,533
Net change in non-cash working capital items		
Accounts receivable	169,512	(130,761)
Accounts payable and accrued liabilities	(49,330)	233,105
Deferred revenue	(76,806)	41,921
Cash flows from operating activities	138,764	420,798
Investing and financing activities		
Deferred contributions	30,534	275,164
Proceeds on sale of marketable securities	1,778,449	731,335
Purchase of marketable securities	(2,077,836)	(1,137,049)
Purchase of leasehold improvements and equipment	(30,534)	(275,164)
Cash flows from investing and financing activities	(299,387)	(405,714)
Change in cash during the year	(160,623)	15,084
Cash, beginning of year	789,811	774,727
Cash, end of year	\$ 629,188	\$ 789,811

See accompanying notes

YOUTH EMPLOYMENT SERVICES YES

Notes to Financial Statements

Year ended March 31, 2012

1. Organization and purpose

Youth Employment Services YES (YES or the "Organization") was originally incorporated on April 18, 1968 under the Ontario Corporations Act as Youth Employment Service. The operation was subsequently transferred, and all rights, obligations and interests assigned to YES, which was incorporated on October 2, 2006 under the laws of Canada. YES is a Canadian registered charity under the Income Tax Act, Canada.

YES is engaged primarily in activities assisting disadvantaged young people, between the ages of 15 and 30, in finding and keeping employment and provides similar services for adults should the need arise. YES also operates a Youth Business Centre to help youth become self-employed or start their own business.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions and follows the principles of fund accounting, under which resources for particular purposes are classified for accounting and reporting into funds corresponding to those purposes.

The Operating Fund represents YES's program delivery and administrative activities. This fund reflects unrestricted resources and restricted operating grants.

The Special Projects Fund reflects restricted and unrestricted donations, to be spent as the donor and/or the Board of Directors (the "Board") directs.

Revenue recognition

Revenue of the Operating Fund is recorded when received or receivable and collection is reasonably assured. Restricted and unrestricted donations are recognized as revenue of the Special Projects Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of leasehold improvements and equipment are deferred and amortized into revenue of the Operating Fund at a rate corresponding with the amortization rate for the related leasehold improvements and equipment.

Leasehold improvements and equipment

Leasehold improvements and equipment are recorded at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. When leasehold improvements and equipment no longer contribute to YES's ability to provide services, the carrying amounts are written down to their residual value.

Leasehold improvements and equipment are amortized on a straight-line basis using the following annual rates:

Furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	Over the term of the lease

Amortization at one-half the above rates is provided in the year of acquisition for furniture and equipment and computer equipment.

YOUTH EMPLOYMENT SERVICES YES

Notes to Financial Statements

Year ended March 31, 2012

2. Summary of significant accounting policies - continued

Allocation of expenses

General support expenses such as salaries and benefits, professional services, office expenses, promotions, bank and payroll charges, insurance, membership, staff travel and staff development and training, are expenses that are covered by funders through administration fees or organizational infrastructure costs.

YES receives administration or organizational infrastructure fees, which are based on each funder's allowable percentages set in the contracts or guidelines, to cover general support expenses. Administration or organizational infrastructure fees are either negotiated or set by the program funders at the beginning of each program term.

The details of the expense allocations are disclosed in note 7.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year then ended. Actual amounts could differ from those estimates.

Future accounting standards

The Canadian Accounting Standards Board has issued new accounting standards for not-for-profit organizations for fiscal years beginning on or after January 1, 2012, with earlier adoption permitted. YES will be required to adopt these standards for its fiscal year ending March 31, 2013.

Financial instruments

The Canadian Institute of Chartered Accountants provides a temporary choice for financial instruments disclosure and YES has chosen to continue to apply Financial Instruments - Disclosure and Presentation, Section 3861 in place of Financial Instruments - Disclosure, Section 3862 and Financial Instruments - Presentations, Section 3863.

The Organization's financial instruments consist of cash, marketable securities, accounts receivable, and accounts payable. The fair values of cash, accounts receivable and accounts payable approximate their carrying values due to their short-term nature.

YES holds money market and mutual funds that are accounted for as available-for-sale, therefore they are valued at fair market value and any unrealized gains and losses are recorded in the Statement of Changes in Fund Balance - Special Projects Fund.

3. Leasehold improvements and equipment

	2012			2011
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	\$ 101,356	\$ 67,762	\$ 33,594	\$ 47,381
Computer equipment	231,999	169,412	62,587	70,550
Leasehold improvements	166,969	114,323	52,646	100,598
	<u>\$ 500,324</u>	<u>\$ 351,497</u>	<u>\$ 148,827</u>	<u>\$ 218,529</u>

YOUTH EMPLOYMENT SERVICES YES

Notes to Financial Statements

Year ended March 31, 2012

4. Deferred revenue

Deferred revenue represents the unspent portion of funding received for the Summer Jobs Service and Summer Company programs. It is anticipated that these amounts will be either repaid by YES to Ministry of Training Colleges and Universities (MTCU) or applied as a portion of the funding for the 2012 - 2013 fiscal year.

5. Deferred contributions

Deferred contributions represent the unamortized amount of grants and donations received for the purchase of leasehold improvements and equipment. The amortization of these contributions is recorded as revenue in the statement of operations and changes in fund balance - Operating Fund.

	2012	2011
Balance, beginning of year	\$ 218,172	\$ 34,444
Grants and donations received	30,534	275,164
Amounts amortized to revenue	(100,236)	(91,436)
Balance, end of year	\$ 148,470	\$ 218,172

6. Special Projects Fund

The balance of the Special Projects Fund is comprised of the following amounts, restricted and internally restricted by the Board, for donor or Board-designated purposes:

	2012	2011
Internally restricted by the Board (note 11)	\$ 2,086,571	\$ 1,992,299
Meals for Youth	42,806	11,868
Youth Business Centre	4,000	-
Eveleen Dollery Award	3,696	-
Employee Campaign	1,597	1,597
Online Job Search	-	10,000
NBM E Scholarship	-	500
	\$ 2,138,670	\$ 2,016,264

The transfers to the Operating Fund from the Special Projects Fund totalling \$195,000 (2011 - \$130,000) were used to fund the operating expenses of the Youth Business Centre, Passion for Fashion, Job Central, Entry Point, Youth Collaboration and the Job Camp activities, as well as the general operating fund deficit.

YOUTH EMPLOYMENT SERVICES YES

Notes to Financial Statements

Year ended March 31, 2012

7. Allocation of general support expenses

General support expenses have been allocated to programs as follows:

	Provincial Government	Federal Government	City of Toronto	2012 Total	2011 Total
Salary and benefits	\$ 278,736	\$ 87,990	\$ 4,422	\$ 371,148	\$ 382,195
Professional services	27,272	8,609	433	36,314	40,960
Other	48,838	15,417	775	65,030	76,605
	<u>\$ 354,846</u>	<u>\$ 112,016</u>	<u>\$ 5,630</u>	<u>\$ 472,492</u>	<u>\$ 499,760</u>

8. Donations in kind

The Organization receives a variety of donations in kind (in addition to those recognized as donation revenue in the statement of operations and changes in fund balance - special projects fund) for which no donation tax receipts are issued. These donations are not reflected in the financial statements, but they assist YES in meeting its objectives in the most cost-effective manner.

Volunteers also contribute significant time each year to assist YES in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

9. Lease commitments

YES rents office and operating space under operating leases which expire in March 2013, May 2013 and June 2015. Future minimum annual lease payments representing base rent are as follows:

2013	\$ 409,000
2014	70,000
2015	13,000

The use of one office space is provided by the City of Toronto, Department of Public Works to YES at below market cost.

10. Financial instruments

The Organization's financial instruments that are exposed to concentration of credit risk consist primarily of cash and accounts receivable. YES places its cash investments with high credit quality institutions. At times, such investments may be in excess of the CDIC insurance limit.

The credit risk with respect to its accounts receivable is to the extent that debtors do not meet their obligations. However, this risk is mitigated by the fact that most of the accounts receivable as of March 31, 2012, are from the city, provincial and federal governments.

The Organization is subject to interest rate and market risk with respect to its marketable securities.

YOUTH EMPLOYMENT SERVICES YES

Notes to Financial Statements

Year ended March 31, 2012

11. Objectives, policies and procedures for managing capital

The Organization's capital is comprised of net amounts invested in leasehold improvements and equipment and the Special Projects Fund.

The investment in leasehold improvements and equipment facilitates the delivery of services to clients.

The Board's objective is to maintain the Special Projects Fund at a level sufficient to meet both the annual working capital requirements and to fund commitments for special projects and programming. The Board has established a statement of investment policy which is conservative and seeks a balance between fixed income investments, which offer the highest immediate income but little protection against inflation, and common stocks, which generally yield a relatively low immediate dividend but which show promise of dividend growth and appreciation in value. This is monitored by the Board on a regular basis with the engagement of a professional investment manager.

The Board reviews and approves the annual budget (which includes the capital budget). Throughout the year, the actual results are monitored against the budget.