



Financial Statements

Youth Employment Services YES

March 31, 2013 and 2012

**YOUTH EMPLOYMENT SERVICES YES**  
**2013 and 2012 Financial Statements**

**Contents**

	<b>Page</b>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Operations and Changes in Fund Balance - Operating Fund	3
Statements of Operations and Changes in Fund Balance - Special Projects Fund	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 12

## Independent Auditor's Report

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

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We have audited the accompanying financial statements of Youth Employment Services YES, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations and changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 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, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants, Licensed Public Accountants  
Toronto, Canada  
June 24, 2013

**YOUTH EMPLOYMENT SERVICES YES**  
**Statements of Financial Position**  
**As at**

	March 31, 2013	March 31, 2012	April 1, 2011
<b>ASSETS</b>			
Current assets			
Cash	\$ 389,434	\$ 617,219	\$ 784,138
Marketable securities	2,059,810	2,045,639	1,720,072
Accounts receivable	282,596	242,288	411,800
Prepaid expenses	10,044	11,969	5,673
	2,741,884	2,917,115	2,921,683
Leasehold improvements and equipment (note 4)	73,108	148,827	218,529
	\$ 2,814,992	\$ 3,065,942	\$ 3,140,212
<b>LIABILITIES AND FUND BALANCES</b>			
Current liabilities			
Accounts payable and accrued liabilities (note 5)	\$ 489,617	\$ 710,089	\$ 759,419
Deferred revenue (note 6)	27,743	72,980	149,786
	517,360	783,069	909,205
Deferred contributions (note 7)	72,751	148,470	218,172
	590,111	931,539	1,127,377
Fund balances			
Operating Fund	(5,532)	(4,267)	(3,429)
Special Projects Fund (note 8)	2,230,413	2,138,670	2,016,264
	2,224,881	2,134,403	2,012,835
	\$ 2,814,992	\$ 3,065,942	\$ 3,140,212

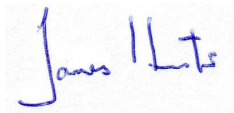
See accompanying notes

On behalf of the Board:

Director



Director



## YOUTH EMPLOYMENT SERVICES YES

### Statements of Operations and Changes in Fund Balance - Operating Fund Years ended March 31

	2013	2012
Revenue		
Provincial Government		
Employment Service	\$ 2,464,248	\$ 2,478,844
Employment Service - stipends	358,150	358,150
Summer Jobs Service (SJS)	624,659	987,974
Entry Point	-	19,454
Summer Company	41,750	30,195
Passion for Fashion	62,221	72,542
YESAbility	32,000	-
Federal Government		
Job Central	406,918	490,595
Youth Collaboration	421,102	361,469
BizStart	400,908	379,564
City of Toronto		
Toronto Social Services (Ontario Works)	152,487	116,662
Streets to Jobs	56,126	57,063
Other		
Investing in Neighbourhoods	67,595	48,840
Interest income	13,753	6,540
Amortization of deferred contributions (note 7)	103,998	100,236
Less: deferred revenue from provincial government (note 6)	(27,743)	(1,695)
Less: deferred funding for leasehold improvements and equipment (note 7)	(28,279)	(30,534)
	5,149,893	5,475,899
Expenses		
Participants' stipends, training allowance and benefits	1,455,167	1,753,367
Staff salaries and benefits	3,022,061	3,026,264
Program operating costs	849,758	790,719
Amortization of leasehold improvements and equipment	103,998	100,236
Other expenses	7,174	1,151
	5,438,158	5,671,737
Deficiency of revenue over expenses	(288,265)	(195,838)
Operating Fund deficit, beginning of year	(4,267)	(3,429)
Transfer from Special Projects Fund (note 8)	287,000	195,000
Operating Fund deficit, end of year	\$ (5,532)	\$ (4,267)

See accompanying notes

## YOUTH EMPLOYMENT SERVICES YES

### Statements of Operations and Changes in Fund Balance - Special Projects Fund Years ended

	March 31, 2013	March 31, 2012
Revenue		
Unrestricted donations	\$ 161,523	\$ 199,013
Restricted donations	119,277	102,889
Investment income	109,879	26,180
	<hr/>	<hr/>
	390,679	328,082
Expenses		
Investment fees	(11,936)	(10,676)
	<hr/>	<hr/>
Excess of revenue over expenses (note 3)	378,743	317,406
Fund balance, beginning of year	2,138,670	2,016,264
	<hr/>	<hr/>
Special Projects Fund balance, end of year, before transfer	2,517,413	2,333,670
Transfer to Operating Fund (note 8)	(287,000)	(195,000)
	<hr/>	<hr/>
Special Projects Fund balance, end of year (note 8)	\$ 2,230,413	\$ 2,138,670

See accompanying notes

**YOUTH EMPLOYMENT SERVICES YES**  
**Statements of Cash Flows**  
**Years ended**

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Operating activities		
Deficiency of revenue over expenses		
Operating Fund	\$ (288,265)	\$ (195,838)
Special Projects Fund	378,743	317,406
Add items not involving cash		
Amortization of leasehold improvements and equipment	103,998	100,236
Loss (gain) on sale of marketable securities	792	(60,979)
Unrealized gain on marketable securities	110,671	34,799
Amortization of deferred contributions	(103,998)	(100,236)
	<hr/> 201,941	<hr/> 95,388
Net change in non-cash working capital items		
Accounts receivable	(40,308)	169,512
Prepaid expenses	1,925	(6,296)
Accounts payable and accrued liabilities	(220,472)	(49,330)
Deferred revenue	(45,237)	(76,806)
	<hr/> (102,151)	<hr/> 132,468
Cash flows from operating activities	<hr/> (102,151)	<hr/> 132,468
Investing and financing activities		
Deferred contributions	28,279	30,534
Proceeds on sale of marketable securities	1,010,132	1,778,449
Purchase of marketable securities	(1,135,766)	(2,077,836)
Purchase of leasehold improvements and equipment	(28,279)	(30,534)
	<hr/> (125,634)	<hr/> (299,387)
Cash flows from investing and financing activities	<hr/> (125,634)	<hr/> (299,387)
Change in cash during the year	(227,785)	(166,919)
Cash, beginning of year	617,219	784,138
Cash, end of year	<hr/> <hr/> \$ 389,434	<hr/> <hr/> \$ 617,219

**See accompanying notes**

# YOUTH EMPLOYMENT SERVICES YES

## Notes to Financial Statements

Years ended March 31, 2013, March 31, 2012 and April 1, 2011

### 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 accounting standards for not-for-profit organizations, 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.

Investment income is recognized as earned.

#### 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.



## YOUTH EMPLOYMENT SERVICES YES

### Notes to Financial Statements

Years ended March 31, 2013, March 31, 2012 and April 1, 2011

#### 2. Summary of significant accounting policies - continued

##### Leasehold improvements and equipment - continued

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.

##### 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 9.

##### Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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.

##### Financial instruments

The Organization's financial instruments consist of cash, marketable securities, accounts receivable, and accounts payable. Financial assets or liabilities are initially measured at fair value and subsequently the Organization measures all of its financial assets and financial liabilities at amortized cost.

# YOUTH EMPLOYMENT SERVICES YES

## Notes to Financial Statements

Years ended March 31, 2013, March 31, 2012 and April 1, 2011

### 3. First-time adoption of accounting standards for not-for-profit organizations

These financial statements are YES's first financial statements prepared under ASNPO. The date of transition to the new accounting standards was April 1, 2011. The accounting policies presented in note 2 to the financial statements were used to prepare the financial statements for the year ended March 31, 2012, the comparative information and the opening statement of financial position as at the date of transition. These comparative figures are provided in notes 4, 7, 8, and 9.

Section 1501 - First-time Adoption by Not-for-Profit Organizations, contains optional exemptions regarding the retrospective application of ASNPO which the Organization may use upon transition. YES elected not to use any exemptions at the date of transition to ASNPO.

The adoption of ASNPO resulted in the reclassification, retrospectively and prospectively, of unrealized gains and losses from the statement of changes in fund balances - Special Projects Fund to the statement of operations - Special Projects Fund.

A reconciliation of the excess of revenue over expenses at March 31, 2012 as previously reported to excess of revenue over expenses at March 31, 2012 under ASNPO is as follows:

Excess of revenue over expenses - Special Projects Fund for the year ending March 31, 2012 in accordance with previous GAAP	\$ 352,205
Changes in excess of revenue over expenses	
Decrease in investment income for unrealized losses on investments	(34,799)
<hr/>	
Excess of revenue over expenses - Special Projects Fund for the year ending March 31, 2012 in accordance with ASNPO	<u>\$ 317,406</u>

The change in the excess of revenue over expenses did not impact the fund balances at the end of the period as the change to the excess of revenue over expenses was the result of a reclassification within the fund balance.

### 4. Leasehold improvements and equipment

	<u>March 31, 2013</u>		
	Cost	Accumulated Amortization	Net
Furniture and equipment	\$ 105,463	\$ 79,722	\$ 25,741
Computer equipment	254,522	209,428	45,094
Leasehold improvements	168,619	166,346	2,273
<hr/>			
	\$ 528,604	\$ 455,496	\$ 73,108
<hr/>			
	<u>March 31, 2012</u>		
	Cost	Accumulated Amortization	Net
Furniture and equipment	\$ 101,356	\$ 67,762	\$ 33,594
Computer equipment	231,999	169,412	62,587
Leasehold improvements	166,969	114,323	52,646
<hr/>			
	\$ 500,324	\$ 351,497	\$ 148,827
<hr/>			

## YOUTH EMPLOYMENT SERVICES YES

### Notes to Financial Statements

Years ended March 31, 2013, March 31, 2012 and April 1, 2011

#### 4. Leasehold improvements and equipment - continued

	<b>April 1, 2011</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Furniture and equipment	\$ 98,925	\$ 51,544	\$ 47,381
Computer equipment	207,416	136,866	70,550
Leasehold improvements	163,449	62,851	100,598
	<u>\$ 469,790</u>	<u>\$ 251,261</u>	<u>\$ 218,529</u>

#### 5. Government remittances

Included in accounts payable and accrued liabilities are government remittances of \$12,388 (March 31, 2012 - \$12,625, April 1, 2011 - \$9,401). These amounts were remitted during April and May, 2013 (March 31, 2012 - April 2012; April 1, 2011 - April, 2011).

#### 6. Deferred revenue

Deferred revenue represents the unspent portion of funding received for the YESAbility and Summer Company programs. It is anticipated that these amounts will be either repaid by YES to the Funding Ministry or applied as a portion of the funding for the 2013 - 2014 fiscal year.

#### 7. 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.

	<b>March 31, 2013</b>	<b>March 31, 2012</b>	<b>April 1, 2011</b>
Balance, beginning of year	\$ 148,470	\$ 218,172	\$ 34,444
Grants and donations	28,279	30,534	275,164
Amounts amortized to revenue	(103,998)	(100,236)	(91,436)
	<u>\$ 72,751</u>	<u>\$ 148,470</u>	<u>\$ 218,172</u>

## YOUTH EMPLOYMENT SERVICES YES

### Notes to Financial Statements

Years ended March 31, 2013, March 31, 2012 and April 1, 2011

#### 8. 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:

	March 31, 2013	March 31, 2012	April 1, 2011
Internally restricted by the Board (note 13)	\$ 2,154,253	\$ 2,086,571	\$ 1,992,299
Externally restricted			
Meals for Youth	39,197	42,806	11,868
Youth Business	-	4,000	-
Eveleen Dollery Award	3,696	3,696	-
Employee Campaign	1,597	1,597	1,597
Online Job Search	-	-	10,000
NBM E Scholarship	-	-	500
Financial literacy	31,670	-	-
	<u>\$ 2,230,413</u>	<u>\$ 2,138,670</u>	<u>\$ 2,016,264</u>

The transfers to the Operating Fund from the Special Projects Fund totalling \$287,000 (2012 - \$195,000) were used to fund the operating expenses of the Youth Business Centre, Passion for Fashion, Job Central, YESAbility, Youth Collaboration and the Job Camp activities, as well as the general operating fund deficit.

#### 9. Allocation of general support expenses

General support expenses have been allocated to programs as follows:

	Provincial Government	Federal Government	City of Toronto	March 31, 2013 Total
Salary and benefits	\$ 279,422	\$ 89,082	\$ 5,177	\$ 373,681
Professional services	17,230	5,493	319	23,042
Other	53,820	17,158	998	71,976
	<u>\$ 350,472</u>	<u>\$ 111,733</u>	<u>\$ 6,494</u>	<u>\$ 468,699</u>

	Provincial Government	Federal Government	City of Toronto	March 31, 2012 Total
Salary and benefits	\$ 278,736	\$ 87,990	\$ 4,422	\$ 371,148
Professional services	27,272	8,609	433	36,314
Other	48,838	15,417	775	65,030
	<u>\$ 354,846</u>	<u>\$ 112,016</u>	<u>\$ 5,630</u>	<u>\$ 472,492</u>

## YOUTH EMPLOYMENT SERVICES YES

### Notes to Financial Statements

Years ended March 31, 2013, March 31, 2012 and April 1, 2011

#### 10. 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.

#### 11. Lease commitments

YES rents office and operating space under operating leases which expire in May 2013, June 2015 and May 2016. Future minimum annual lease payments representing base rent are as follows:

2014	\$ 83,000
2015	47,000
2016	37,000
2017	6,000

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

#### 12. Financial instruments

The Organization's main financial instrument risk exposures are detailed as follows:

##### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. YES is, therefore, exposed to liquidity risk with respect to its accounts payable. YES reduces its exposure to liquidity risk by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to repay advances.

##### Interest rate and market risk

Interest rate and market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate and market risk with respect to its marketable securities. The risk is mitigated by the Organization through investing in instruments which have a low susceptibility to significant fluctuations in the market.

## **YOUTH EMPLOYMENT SERVICES YES**

### **Notes to Financial Statements**

**Years ended March 31, 2013, March 31, 2012 and April 1, 2011**

#### **12. Financial instruments - continued**

##### Credit risk

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, 2013, March 31, 2012 and April 1, 2011 are from the city, provincial and federal governments. Allowance for doubtful accounts is \$Nil (March 31, 2012 - \$Nil; April 1, 2011 - \$Nil).

##### Other risks

It is management's opinion that the Organization is not exposed to significant currency, cash flow or concentration arising from its financial instruments.

#### **13. 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.

#### **14. Comparative amounts**

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2013 financial statements.