



# **Youth Employment Services YES**

Financial Statements

March 31, 2010

# Youth Employment Services YES

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2010

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## AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the statement of financial position of Youth Employment Services YES as at March 31, 2010 and the statements of operations and changes in fund balance of the Operating Fund and the Special Projects Fund for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

PKF Hill LLP

Chartered Accountants, Licensed Public Accountants  
May 19, 2010

# Youth Employment Services YES

## Statement of Financial Position

March 31, 2010


	2010	2009
<b>Assets</b>		
Current assets		
Cash	\$ 747,172	\$ 649,092
Marketable securities	1,247,711	938,453
Accounts receivable	281,039	240,119
	<hr/>	<hr/>
Leasehold improvements and equipment (note 3)	2,275,922	1,827,664
	34,801	80,699
	<hr/>	<hr/>
	\$ 2,310,723	\$ 1,908,363

## Liabilities and Fund Balances

Current liabilities		
Accounts payable and accrued liabilities	\$ 526,314	\$ 505,093
Deferred revenue (note 10)	107,865	45,915
	<hr/>	<hr/>
	634,179	551,008
Deferred contributions (note 4)	34,444	80,342
Fund Balances		
Operating fund (deficiency)		
Investment in leasehold improvements and equipment (notes 5 and 6(a))	357	357
Operations (note 5)	(7,998)	(9,387)
	<hr/>	<hr/>
	(7,641)	(9,030)
Special projects fund (note 7)	1,649,741	1,286,043
	<hr/>	<hr/>
	1,642,100	1,277,013
Commitments and contingencies (notes 11 and 12)		
	<hr/>	<hr/>
	\$ 2,310,723	\$ 1,908,363

See accompanying notes to financial statements.

Approved on behalf of the board:

Director   
David Yu

Director   
Deb Barrett

# Youth Employment Services YES

## Statement of Operations and Changes in Fund Balance - Operating Fund

Year ended March 31, 2010

	2010	2009
Revenue		
Provincial Government		
Job Connect	\$ 2,362,292	\$ 2,256,000
Summer Jobs Service (SJS)	653,061	440,476
Employment Resource Centre-ERC	518,951	499,466
Reconnect	421,096	423,959
Job Camp	354,627	343,199
Entry Point	61,445	59,422
Summer Company	18,302	16,715
Passion for Fashion	64,167	-
Federal Government		
Job Central	428,995	424,189
Youth Collaboration	277,939	266,935
BizStart	494,961	325,443
BizBoot	-	79,069
Career Focus - Great Grads	12,148	41,824
City of Toronto		
Toronto Social Services (Ontario Works)	86,056	80,034
Streets to Jobs	55,959	55,178
Other		
Career Focus	-	13,034
Investing in Neighbourhoods	47,685	8,193
Community Job Creation Project	100,000	100,000
e-YES	17,636	-
Interest income	2,531	3,495
Amortization of deferred contributions (note 4)	45,898	81,475
	<b>6,023,749</b>	<b>5,518,106</b>
Expenses		
Participants' stipends, training allowance and benefits	1,695,087	1,475,882
Staff salaries and benefits	3,378,231	3,190,429
Program operating costs	781,614	841,918
Amortization of leasehold improvements and equipment	45,898	81,475
Other expenses	155,029	206,794
	<b>6,055,859</b>	<b>5,796,498</b>
Shortfall of revenue over expenses before the undernoted items	(32,110)	(278,392)
Less deferred revenue from provincial government (note 10)	(107,865)	(45,915)
Less deferred funding for leasehold improvements and equipment (note 5)	-	(24,384)
Excess of expenses over revenue	(139,975)	(348,691)
Operating Fund deficiency, beginning of year	(9,030)	(7,014)
Transfer from Special Projects Fund (notes 5 and 7)	141,364	346,675
<b>Operating Fund deficiency, end of year</b>	<b>\$ (7,641)</b>	<b>\$ (9,030)</b>

See accompanying notes to financial statements.

# Youth Employment Services YES

## Statement of Operations and Changes in Fund Balance - Special Projects Fund

Year ended March 31, 2010

	2010	2009
Special Projects Fund balance, beginning of year	\$ 1,411,386	\$ 1,364,576
Revenue		
Cash donations	472,937	499,861
Donation of goods and services	-	12,383
Investment (loss) income, net	(7,487)	(18,759)
Transfer to Operating Fund - Community Job Creation Project (note 7)	(100,000)	(100,000)
Transfer to Operating Fund - e-Yes (note 7)	(17,636)	-
	347,814	393,485
Transfer to Operating Fund (notes 5 and 7)	(141,364)	(346,675)
	1,617,836	1,411,386
Accumulated gains and losses included directly in the statement of changes in fund balances:		
Balance, beginning of year	(125,343)	55,050
Unrealized gains (losses) on available-for-sale financial assets arising during the year	160,031	(186,935)
Reclassification adjustment for realized (gains) losses included in revenue	(2,783)	6,542
Balance, end of year	31,905	(125,343)
Special Projects Fund balance, end of year	\$ 1,649,741	\$ 1,286,043

See accompanying notes to financial statements.

# Youth Employment Services YES

## Statement of Cash Flows

Year ended March 31, 2010

	2010	2009
<b>Cash provided by (used in):</b>		
<b>Operations</b>		
Excess of revenue over expense		
Operating Fund	\$ (139,975)	\$ (348,691)
Special Projects Fund	347,814	393,485
Adjustment for		
Amortization of leasehold improvements and equipment	45,898	81,475
(Gain) loss on investments sold	(2,783)	6,542
	250,954	132,811
Net change in non-cash working capital items		
Accounts receivable	(40,920)	367,205
Accounts payable and accrued liabilities	21,221	(113,787)
Deferred revenue	61,950	(2,114)
Deferred contributions	(45,898)	(57,091)
	247,307	327,024
<b>Investing</b>		
Proceeds on sale of investments	437,394	321,312
Purchase of investments	(559,072)	(321,344)
Purchase of leasehold improvements and equipment	-	(24,384)
	(121,678)	(24,416)
<b>Increase in cash</b>	125,629	302,608
Cash, beginning of year	649,098	346,490
<b>Cash, end of year</b>	<b>\$ 774,727</b>	<b>\$ 649,098</b>
<b>Cash is broken down as:</b>		
Cash	\$ 747,172	\$ 649,092
Cash included in marketable securities	27,555	6
	<b>\$ 774,727</b>	<b>\$ 649,098</b>

See accompanying notes to financial statements.

# Youth Employment Services YES

## Notes to financial statements

March 31, 2010

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### 1. Operations

On October 2, 2006, Youth Employment Services YES ("YES" or "the Organization") was incorporated under the laws of Canada. YES was originally incorporated on April 18, 1968 without share capital under the laws of the Province of Ontario and has assigned all its rights, obligations and interests to YES. YES is a 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 continues 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. Significant accounting policies

#### Fund accounting

The accounting policies of YES are in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

#### (a) Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The Organization follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for YES's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Special Projects Fund records restricted and unrestricted donations, to be spent as the donor or Board directs.

#### (b) Revenue recognition

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 on a straight-line basis, at a rate corresponding with the amortization rate for the related leasehold improvements and equipment.

#### (c) 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, carrying amounts are written down to residual value.

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

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Furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements (over term of lease)	

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



# Youth Employment Services YES

## Notes to financial statements

March 31, 2010

### 2. Significant accounting policies (continued)

#### (d) Allocation of expenditures

Development expenses are classified in a separate program and are not allocated to other programs.

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 allocation are disclosed in note 8.

#### (e) 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 revenues and expenses for the year then ended. Actual amounts could differ from those estimates.

#### (f) Financial instruments

The Canadian Institute of Chartered Accountants ("CICA") 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 has money market and mutual funds that are accounted for as available-for-sale and therefore they are valued at market value, with unrealized gains and losses being recorded in the Statement of Changes in Fund Balance - Special Projects Fund.

### 3. Leasehold improvements and equipment

	2010		2009	
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	\$ 58,860	\$ 36,658	\$ 22,202	\$ 33,746
Computer equipment	123,215	112,816	10,399	40,569
Leasehold improvements	12,552	10,352	2,200	6,384
	\$ 194,627	\$ 159,826	\$ 34,801	\$ 80,699

# Youth Employment Services YES

## Notes to financial statements

March 31, 2010

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### 4. Deferred contributions

Deferred contributions related to leasehold improvements and equipment 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 of the Operating Fund.

	2010	2009
Balance, beginning of year	\$ 80,342	\$ 137,433
Additional contributions received (note 5)	-	24,384
Amounts amortized to revenue	(45,898)	(81,475)
Balance, end of year	\$ 34,444	\$ 80,342

### 5. Operating fund balance

The changes in the balance of the Operating Fund are as follows:

	2010			2009
	Investment in leasehold improvements and equipment	Operations	Total	Total
Balance, beginning of year	\$ 357	\$ (9,387)	\$ (9,030)	\$ (7,014)
Deficiency of revenue over expenses	-	(139,975)	(139,975)	(348,691)
Purchase of leasehold improvements and equipment	-	-	-	24,384
Contributions received and designated for leasehold improvements and equipment (note 4)	-	-	-	(24,384)
Interfund transfers (note 7)	-	141,364	141,364	346,675
Balance, end of year	\$ 357	\$ (7,998)	\$ (7,641)	\$ (9,030)

# Youth Employment Services YES

## Notes to financial statements

March 31, 2010

### 6. Investment in leasehold improvements and equipment

(a) Investment in leasehold improvements and equipment is calculated as follows:

	2010	2009
Net carrying value (note 3)	\$ 34,801	\$ 80,699
Amounts financed by deferred contributions (note 4)	(34,444)	(80,342)
	\$ 357	\$ 357

(b) Change in net assets invested in leasehold improvements and equipment is calculated as follows:

	2010	2009
Deficiency of revenue over expenses	\$ -	\$ -
Amortization of deferred contributions related to leasehold improvements and equipment	45,898	\$ 81,475
Amortization of leasehold improvements and equipment	(45,898)	(81,475)
	\$ -	\$ -

### 7. Special Projects Fund

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

	2010	2009
Empowering Youth to Empower Seniors (e-YES)	\$ 1,546	\$ 7,748
Employee Campaign	1,597	1,597
Unrestricted	1,646,598	1,276,698
	\$ 1,649,741	\$ 1,286,043

The transfers to the Operating Fund from the Special Projects Fund were used to cover the operating expenses of the Youth Business Centre, The St. James Town Project, Empowering Youth to Empower Seniors, Passion for Fashion, Job Central and the Job Camp activities, as well as general operating deficits.

# Youth Employment Services YES

## Notes to financial statements

March 31, 2010

### 8. Allocation of general support expenses

General support expenses have been allocated among the various programs as follows:

	Provincial Government	Federal Government	City of Toronto	Other	Total
Salary and benefits	\$ 350,728	\$ 91,804	\$ 18,465	\$ 10,992	\$ 471,989
Professional services	16,834	4,406	886	528	22,654
Other	50,701	13,271	2,669	1,589	68,230
	\$ 418,263	\$ 109,481	\$ 22,020	\$ 13,109	\$ 562,873

### 9. Donations in kind

One office space is provided by the City of Toronto, Department of Public Works at no cost to YES.

In addition, 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 assist YES in meeting its objectives in the most cost-effective manner and are not recorded in the financial statements.

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.

### 10. Deferred revenue

Deferred revenue represents the unspent portion of funding received for the Job Camp, ERC, Reconnect, Job Connect and Summers Jobs Service programs.

The unspent portion of the funding from Job Connect and Summer Jobs Service represents the unspent training subsidies, apprenticeship scholarships and signing bonus and interest earned. It is anticipated that these amounts will be either repaid by YES to MTCU or applied as a portion of the funding for the 2010-2011 year.

### 11. Commitments

YES rents office and operating space under operating leases which expire in May 2010, July 2010, March 2011 and May 2013. Future minimum annual lease payments approximate the following:

2011	\$ 206,000
2011	125,000
2012	133,000
2013	22,000

Additional rent of approximately \$121,000 will be payable in fiscal 2011, \$117,000 in fiscal 2012 and fiscal 2013 and \$20,000 in fiscal 2014 for the above office and operating space.

# Youth Employment Services YES

## Notes to financial statements

March 31, 2010

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### 12. Contingent liabilities

An outstanding pay equity claim was made against YES. The Organization has completed an analysis and has recorded the amount of the expected liability.

### 13. 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, 2010, are from the city, provincial and federal governments.

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

### 14. Objectives, policies and procedures for managing capital

The Organization's capital is comprised of net amounts invested in leasehold improvements and equipment, operating fund and special projects fund.

The board's objective is to maintain the special projects fund sufficient to meet both the annual working capital requirements and 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 of directors reviews and approves the annual budget (which includes the capital budget). Throughout the year, the actual results are monitored against the budget and changes made as required.

The investment in these capital assets facilitates the Organization in providing services to assist their clients.