



Financial Statements

Youth Employment Services YES

March 31, 2011

Youth Employment Services YES
2011 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 - 11

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 statement of financial position as at March 31, 2011 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, 2011, 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 27, 2011

Youth Employment Services YES
Statement of Financial Position
As at March 31

	2011	2010
ASSETS		
Current assets		
Cash	\$ 787,659	\$ 747,172
Marketable securities	1,722,224	1,247,711
Accounts receivable	411,800	281,039
	<hr/>	<hr/>
	2,921,683	2,275,922
Leasehold improvements and equipment (note 3)	218,529	34,801
	<hr/>	<hr/>
	\$ 3,140,212	\$ 2,310,723
<hr/>		
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 759,419	\$ 526,314
Deferred revenue (note 4)	149,786	107,865
	<hr/>	<hr/>
	909,205	634,179
Deferred contributions (note 5)	218,172	34,444
	<hr/>	<hr/>
	1,127,377	668,623
Fund balances		
Operating Fund deficit	(3,429)	(7,641)
Special Projects Fund (note 6)	2,016,264	1,649,741
	<hr/>	<hr/>
	2,012,835	1,642,100
	<hr/>	<hr/>
	\$ 3,140,212	\$ 2,310,723
<hr/>		

See accompanying notes

Youth Employment Services YES
Statement of Operations and Changes in Fund Balance - Operating Fund
Year ended March 31

	2011	2010
Revenue		
Provincial Government		
Employment Service	\$ 1,888,392	\$ -
Employment Service - stipends	276,735	-
Job Connect	701,800	2,362,292
Summer Jobs Service (SJS)	1,005,617	653,061
Employment Resource Centre - ERC	175,911	518,951
Reconnect	138,857	421,096
Job Camp	117,704	354,627
Entry Point	67,755	61,445
Summer Company	21,366	18,302
Passion for Fashion	64,099	64,167
Federal Government		
Job Camp (Skills Link)	222,721	-
Job Central	407,868	428,995
Youth Collaboration	273,106	277,939
BizStart	399,024	494,961
Career Focus - Great Grads	30,075	12,148
City of Toronto		
Toronto Social Services (Ontario Works)	102,720	86,056
Streets to Jobs	57,072	55,959
Other		
Investing in Neighbourhoods	52,271	47,685
Interest income	4,098	2,531
Amortization of deferred contributions (note 5)	91,436	45,898
Less deferred revenue from provincial government (note 4)	(124,265)	(107,865)
Less deferred funding for leasehold improvements and equipment (note 5)	(275,164)	-
	<hr/> 5,699,198	<hr/> 5,798,248
Expenses		
Participants' stipends, training allowance and benefits	1,748,516	1,695,087
Staff salaries and benefits	2,973,389	3,378,231
Program operating costs	871,610	781,614
Amortization of leasehold improvements and equipment	91,436	45,898
Other expenses	140,035	155,029
	<hr/> 5,824,986	<hr/> 6,055,859
Deficiency of revenue over expenses	(125,788)	(257,611)
Operating Fund deficit, beginning of year	(7,641)	(9,030)
Transfer from Special Projects Fund (note 6)	130,000	259,000
Operating Fund deficit, end of year	<hr/> <hr/> \$ (3,429)	<hr/> <hr/> \$ (7,641)

See accompanying notes

Youth Employment Services YES

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

	2011	2010
Revenue		
Unrestricted donations	\$ 355,226	\$ 365,301
Restricted donations	57,505	107,636
Investment income	8,347	2,783
	<hr/>	<hr/>
	421,078	475,720
Expenses		
Investment fees	(10,410)	(10,270)
	<hr/>	<hr/>
Excess of revenue over expenses	410,668	465,450
Accumulated gains and losses included directly in the statement of changes in fund balances:		
Balance, beginning of year	31,905	(125,343)
Unrealized gains on marketable securities arising during the year	94,202	160,031
Reclassification adjustment for realized gains included in revenue	(8,347)	(2,783)
	<hr/>	<hr/>
Balance, end of year	117,760	31,905
Fund balance, beginning of year	1,617,836	1,411,386
Special Projects Fund balance, end of year, before transfer	2,146,264	1,908,741
Transfer to Operating Fund (note 6)	(130,000)	(259,000)
Special Projects Fund balance, end of year	<hr/> <hr/>	<hr/> <hr/>
	\$ 2,016,264	\$ 1,649,741

See accompanying notes

Youth Employment Services YES
Statement of Cash Flows
Year ended March 31,

	2011	2010
Operating activities		
Excess (deficiency) of revenue over expenses		
Operating Fund	\$ (125,788)	\$ (257,611)
Special Projects Fund	410,668	465,450
Add items not involving cash		
Amortization of leasehold improvements and equipment	91,436	45,898
Gain on sale of marketable securities	(8,347)	(2,783)
	<hr/> 367,969	<hr/> 250,954
Net change in non-cash working capital items		
Accounts receivable	(130,761)	(40,920)
Accounts payable and accrued liabilities	233,105	21,221
Deferred revenue	41,921	61,950
Deferred contributions	183,728	(45,898)
	<hr/> 695,962	<hr/> 247,307
Cash flows from operating activities	<hr/> 695,962	<hr/> 247,307
Investing activities		
Proceeds on sale of marketable securities	731,335	437,394
Purchase of marketable securities	(1,137,049)	(559,072)
Purchase of leasehold improvements and equipment	(275,164)	-
	<hr/> (680,878)	<hr/> (121,678)
Cash flows from investing activities	<hr/> (680,878)	<hr/> (121,678)
Increase in cash during the year	15,084	125,629
Cash, beginning of year	774,727	649,098
	<hr/> 789,811	<hr/> 774,727
Cash, end of year	<hr/> \$ 789,811	<hr/> \$ 774,727
Cash consists of:		
Cash	\$ 787,659	\$ 747,172
Cash included in marketable securities	2,152	27,555
	<hr/> \$ 789,811	<hr/> \$ 774,727

See accompanying notes

Youth Employment Services YES

Notes to Financial Statements

Year ended March 31, 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 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 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 and the Board of Directors (the "Board").

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

Youth Employment Services YES
Notes to Financial Statements
Year ended March 31, 2011

2. Summary of significant accounting policies - continued

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:

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

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

Allocation of expenditures

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 funders 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 expenditure 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 revenues 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 early adoption permitted.

Youth Employment Services YES
Notes to Financial Statements
Year ended March 31, 2011

2. Summary of significant accounting policies - continued

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 has money market and mutual funds that are accounted for as available-for-sale, therefore they are valued at fair 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

	2011			2010
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	\$ 98,925	\$ 51,544	\$ 47,381	\$ 22,202
Computer equipment	207,416	136,866	70,550	10,399
Leasehold improvements	163,449	62,851	100,598	2,200
	\$ 469,790	\$ 251,261	\$ 218,529	\$ 34,801

4. Deferred revenue

Deferred revenue represents the unspent portion of funding received for the Job Connect, Summer Jobs Service and Employment Service programs. These consist of the unspent training subsidies, transition expenses, apprenticeship scholarships and signing bonus and interest earned. 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 2011 - 2012 year.

Youth Employment Services YES
Notes to Financial Statements
Year ended March 31, 2011

5. Deferred contributions

Deferred contributions relate to leasehold improvements and equipment, and 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.

	2011	2010
Balance, beginning of year	\$ 34,444	\$ 80,342
Additional contributions received	275,164	-
Amounts amortized to revenue	(91,436)	(45,898)
	<hr/>	
Balance, end of year	\$ 218,172	\$ 34,444
	<hr/>	

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:

	2011	2010
Meals for Youth	\$ 11,868	\$ -
Online Job Search	10,000	-
NBM E Scholarship	500	-
Empowering Youth to Empower Seniors (e-YES)	-	1,546
Employee Campaign	1,597	1,597
Internally restricted by the Board	1,992,299	1,646,598
	<hr/>	
	\$ 2,016,264	\$ 1,649,741
	<hr/>	

The transfers to the Operating Fund from the Special Projects Fund in the amount of \$130,000 (2010 - \$259,000) were used to cover the operating expenses of the Youth Business Centre, Empowering Youth to Empower Seniors, Passion for Fashion, Job Central and the Job Camp activities, as well as the general operating deficit.

Youth Employment Services YES
Notes to Financial Statements
Year ended March 31, 2011

7. 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	2011 Total
Salary and benefits	\$ 284,386	\$ 90,650	\$ 5,506	\$ 1,653	\$ 382,195
Professional services	30,478	9,715	590	177	40,960
Other	57,001	18,169	1,104	331	76,605
	<u>\$ 371,865</u>	<u>\$ 118,534</u>	<u>\$ 7,200</u>	<u>\$ 2,161</u>	<u>\$ 499,760</u>

8. Donations in kind

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

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.

9. Lease commitments

YES rents office and operating space under operating leases which expire in March 2012, May 2013 and June 2015. Future minimum annual lease payments representing base rent, approximate the following:

2012	\$ 397,000
2013	353,000
2014	70,000
2015	3,000

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, 2011, 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, 2011

11. 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 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. The investment in leasehold improvements and equipment facilitates the Organization in providing services to assist their clients.

12. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2011 financial statements.