

HEAD & HANDS INC. / À DEUX MAINS INC.

Financial Statements

March 31, 2016

HEAD & HANDS INC. / À DEUX MAINS INC.

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Amstutz Inc.
Comptables Professionnels Agréés

INDEPENDENT AUDITORS' REPORT

To the Members of
HEAD & HANDS INC. / À DEUX MAINS INC.

We have audited the accompanying financial statements of HEAD & HANDS INC. / À DEUX MAINS INC. which comprise the balance sheet as at March 31, 2016, and the statements of operations, changes in net assets 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 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 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 judgement, 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 qualified audit opinion.

Basis For Qualified Opinion - In common with many non-profit organizations, the organization derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the organization's records and we were not able to determine whether any adjustments might be necessary to donations, excess of revenue over expenses, current assets and net assets.

Qualified Opinion - In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations referred to in the previous paragraphs, the financial statements present fairly, in all material respects, the financial position of HEAD & HANDS INC. / À DEUX MAINS INC. as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.




By: R. Amstutz, CPA auditor, CA
June 14, 2016
Montreal, Quebec


HEAD & HANDS INC. / À DEUX MAINS INC.
BALANCE SHEET
as at March 31, 2016

	<u>2 0 1 6</u>	<u>2 0 1 5</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 117,759	\$ 92,891
Marketable securities	19,847	19,847
Accounts receivable (Note 3)	4,947	1,959
Prepaid expenses	<u>4,722</u>	<u>4,478</u>
	147,275	119,175
VACANT LAND	34,500	34,500
PROPERTY AND EQUIPMENT (Note 4)	<u>5,705</u>	<u>9,174</u>
	\$ <u>187,480</u>	\$ <u>162,849</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 6)	\$ 31,673	32,512
Deferred revenue	<u>58,855</u>	<u>47,939</u>
	<u>90,528</u>	<u>80,451</u>
NET ASSETS		
NET ASSETS		
Invested in property and equipment	5,705	9,174
Internally restricted funds (Note 10)	22,689	19,847
Unrestricted	<u>68,558</u>	<u>53,377</u>
	<u>96,952</u>	<u>82,398</u>
	\$ <u>187,480</u>	\$ <u>162,849</u>

COMMITMENT (Note 11)

ON BEHALF OF THE BOARD

....., Director



, Director

The accompanying notes form an integral part of the financial statements.

HEAD & HANDS INC. / À DEUX MAINS INC.
STATEMENT OF CHANGES IN NET ASSETS
year ended March 31, 2016

				<u>2 0 1 6</u>	<u>2 0 1 5</u>
	Invested in property and equipment	Internally restricted funds (Note 10)	Un- restricted	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 9,174	\$ 19,847	\$ 53,377	\$ 82,398	\$ 62,320
Excess of revenues over expenses	-	-	14,554	14,554	20,078
Internally restricted funds	-	2,842	(2,842)	-	-
Amortization	<u>(3,469)</u>	<u>-</u>	<u>3,469</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>5,705</u>	\$ <u>22,689</u>	\$ <u>68,558</u>	\$ <u>96,952</u>	\$ <u>82,398</u>

The accompanying notes form an integral part of the financial statements

HEAD & HANDS INC. / À DEUX MAINS INC.
STATEMENT OF OPERATIONS
year ended March 31, 2016

	<u>2 0 1 6</u>	<u>2 0 1 5</u>
REVENUES		
Grants		
Centraide	\$ 143,050	\$ 153,050
Federal Government		
Health Canada - YPP (Note 7)	66,488	67,912
Canada Summer Jobs	10,673	9,512
City of Montréal		
Jeunesse 2000	59,162	73,229
Mauve Movement - J2K	13,989	13,989
Contrat de Ville	12,000	12,000
OBNL locataires	2,236	2,236
Government of Québec		
Minister of Health and Social Services	133,109	131,791
CLSC Lunch Program - YPP	7,376	8,500
Emploi Québec	23,603	19,819
Ministère de la famille YPP	9,295	9,295
Soutien à l'action bénévole	5,500	2,000
Street Work	80,800	26,870
Donations (Note 8)	311,711	339,595
Program income	6,100	8,248
Miscellaneous	130	291
	<u>885,222</u>	<u>878,337</u>
EXPENSES		
Operating costs (Note 9)	353,650	320,310
Program costs, salaries and benefits		
Health Canada - Young Parents' Program (Note 7)	116,971	111,883
Medical supplies and services (including Sense Project)	82,044	76,908
City of Montreal		
Jeunesse 2000	84,794	95,598
Mauve Movement	13,989	13,989
Social counselling and Outreach	40,100	40,272
Legal services and education	26,023	33,237
Street Work	44,475	54,354
CLSC Lunch Program	8,298	7,762
Summer Career Placements	8,007	8,317
Emploi-Quebec	27,212	21,031
Fundraising costs	65,105	74,598
	<u>870,668</u>	<u>858,259</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 14,554</u>	<u>\$ 20,078</u>

The accompanying notes form an integral part of the financial statements

HEAD & HANDS INC. / À DEUX MAINS INC.
 STATEMENT OF CASH FLOWS
 year ended March 31, 2016

	<u>2 0 1 6</u>	<u>2 0 1 5</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 14,554	\$ 20,078
Items not affecting cash		
Amortization	<u>3,469</u>	<u>2,591</u>
	18,023	22,669
Changes in non cash operating working capital		
Accounts receivable	(2,988)	1,053
Prepaid expenses	(244)	147
Accounts payable	(839)	(9,630)
Deferred revenue	<u>10,916</u>	<u>(30,695)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,868	(16,456)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>92,891</u>	<u>109,347</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u><u>117,759</u></u>	\$ <u><u>92,891</u></u>

Cash and cash equivalents are comprised of cash.

The accompanying notes form an integral part of the financial statements

HEAD & HANDS INC. / À DEUX MAINS INC.
NOTES TO THE FINANCIAL STATEMENTS
as at March 31, 2016

1. STATUS AND PURPOSE OF THE ORGANIZATION

The organization was incorporated under Part III of the Québec Companies Act and is a registered charity under the Income Tax Act.

The organization's mission is to work with youth to promote their physical and mental well-being. The approach is preventive, inclusive, non-judgemental and holistic, with a fundamental commitment to providing an environment that welcomes youth without discrimination. The organization facilitates social change and the empowerment of youth based on their current needs within our community and society at large.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Accounting estimates

The preparation of financial statements in conformity with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Self-financing

Revenues from self-financing activities are recognized when the services are rendered or when the events have taken place.

Marketable securities

Marketable securities are recorded at cost.

Cash and cash equivalents

The organization's policy is to disclose cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and marketable securities with a maturity period of three months or less from the date of acquisition.

HEAD & HANDS INC. / À DEUX MAINS INC.
 NOTES TO THE FINANCIAL STATEMENTS
 as at March 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and equipment

Property and equipment are recorded at cost. They are amortized over their estimated useful lives using the following methods and annual rates:

Furniture, fixtures and equipment	20% declining-balance
Computer equipment	30% declining-balance
Rolling stock	30% declining-balance
Leasehold improvements	5 years straight-line

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and deferred revenue.

Contributed goods and services

During the year, the organization received the services of volunteers to carry out various activities. In addition, the organization also received food donations throughout the year.

For the current year it is not possible to evaluate the services received from the volunteers as well as the value of food donations. If it were possible to determine the monetary value of these services, the amounts would have been recorded in the appropriate revenue and expense captions.

3. ACCOUNTS RECEIVABLE

	<u>2 0 1 6</u>	<u>2 0 1 5</u>
Sales taxes receivable	\$ 3,747	\$ 1,959
Other receivables	<u>1,200</u>	<u>-</u>
	\$ <u><u>4,947</u></u>	\$ <u><u>1,959</u></u>

4. PROPERTY AND EQUIPMENT

			<u>2 0 1 6</u>	<u>2 0 1 5</u>
	<u>Cost</u>	<u>Accumulated Amort-ization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture, fixtures and equipment	\$ 24,364	\$ 21,404	\$ 2,960	\$ 5,076
Computer equipment	40,280	37,535	2,745	3,922
Rolling stock	1,875	1,875	-	176
Leasehold improvements	<u>8,752</u>	<u>8,752</u>	<u>-</u>	<u>-</u>
	\$ <u><u>75,271</u></u>	\$ <u><u>69,566</u></u>	\$ <u><u>5,705</u></u>	\$ <u><u>9,174</u></u>

HEAD & HANDS INC. / À DEUX MAINS INC.
NOTES TO THE FINANCIAL STATEMENTS
as at March 31, 2016

5. LINES OF CREDIT

The organization has unsecured operating lines of credit on credit cards totalling \$5,000, bearing interest at 7.60%, which are renewable annually.

6. ACCOUNTS PAYABLE	<u>2 0 1 6</u>	<u>2 0 1 5</u>
Accrued charges	\$ -	\$ 2,288
Salaries and vacations payable	14,946	12,955
Government remittances	<u>16,727</u>	<u>17,269</u>
	\$ <u>31,673</u>	\$ <u>32,512</u>

7. HEALTH CANADA - YOUNG PARENTS' PROGRAM	<u>2 0 1 6</u>	<u>2 0 1 5</u>
REVENUES	\$ <u>66,488</u>	\$ <u>67,912</u>
EXPENSES		
Salaries and fringe benefits	93,960	85,677
Travel	4,579	4,923
Materials	2,437	3,259
Rent and utilities	7,640	8,718
Activities	7,755	7,359
Miscellaneous	<u>600</u>	<u>1,947</u>
	<u>116,971</u>	<u>111,883</u>
	\$ <u>(50,483)</u>	\$ <u>(43,971)</u>

8. DONATIONS	<u>2 0 1 6</u>	<u>2 0 1 5</u>
Foundations	\$ 162,064	\$ 164,245
Memberships	75,380	71,378
Fundraising events	33,703	53,666
Serve project	29,911	40,425
Donations	7,913	9,341
Workshops	<u>2,740</u>	<u>540</u>
	\$ <u>311,711</u>	\$ <u>339,595</u>

9. OPERATING COSTS	<u>2 0 1 6</u>	<u>2 0 1 5</u>
Salaries and fringe benefits	\$ 188,800	\$ 158,070
Administration	75,600	72,340
Rent and utilities	44,941	44,602
Maintenance	13,409	14,599
Office supplies	16,881	15,752
Miscellaneous	10,550	12,356
Amortization	<u>3,469</u>	<u>2,591</u>
	\$ <u>353,650</u>	\$ <u>320,310</u>

HEAD & HANDS INC. / À DEUX MAINS INC.
NOTES TO THE FINANCIAL STATEMENTS
as at March 31, 2016

10. INTERNALLY RESTRICTED FUNDS

The board of directors internally restricted resources amounting to \$22,689. These internally restricted amounts are not available for other purposes without approval of the board of directors.

These funds are to be used only for a capital campaign wherein Head & Hands Inc. would re-locate to new facilities in NDG that would become the home of their main services.

11. COMMITMENT

The organization leases its office space under an annual arrangement with minimum annual lease payments of \$29,880.

12. FINANCIAL INSTRUMENTS

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date, i.e. March 31, 2016.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable.

13. COMPARATIVE FIGURES

Certain figures for 2015 have been reclassified to make their presentation identical to that adopted in 2016.