

HEAD & HANDS INC. / À DEUX MAINS INC.

Financial Statements

March 31, 2014

HEAD & HANDS INC. / À DEUX MAINS INC.

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***Amstutz Inc.***  
***Société de 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, 2014, 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, 2014 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 2, 2014  
Montreal, Quebec

HEAD & HANDS INC. / À DEUX MAINS INC.  
BALANCE SHEET  
as at March 31, 2014

	<u>2 0 1 4</u>	<u>2 0 1 3</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 109,347	\$ 21,126
Reserved cash - Trustee managed funds (Note 10)	737	-
Marketable securities	19,847	19,847
Accounts receivable (Note 3)	3,012	77,438
Prepaid expenses	<u>4,625</u>	<u>4,389</u>
	137,568	122,800
VACANT LAND	34,500	34,500
PROPERTY AND EQUIPMENT (Note 4)	<u>11,765</u>	<u>17,249</u>
	<u>\$ 183,833</u>	<u>\$ 174,549</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Lines of credit (Note 5)	\$ -	\$ 20,398
Accounts payable (Note 6)	42,142	77,577
Deferred revenue	78,634	31,798
Deferred contributions - Trustee managed funds (Note 10 )	<u>737</u>	<u>-</u>
	<u>121,513</u>	<u>129,773</u>
<b>NET ASSETS</b>		
<b>NET ASSETS</b>		
Invested in property and equipment	11,765	17,249
Internally restricted funds (Note 11)	19,847	19,847
Unrestricted	<u>30,708</u>	<u>7,680</u>
	<u>62,320</u>	<u>44,776</u>
	<u>\$ 183,833</u>	<u>\$ 174,549</u>

COMMITMENT (Note 12)

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, 2014

				<u>2 0 1 4</u>	<u>2 0 1 3</u>
	Invested in property and equipment	Internally restricted funds (Note 10)	Un- restricted	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 17,249	\$ 19,847	\$ 7,680	\$ 44,776	\$ 32,018
Excess of revenues over expenses	-	-	17,544	17,544	12,758
Amortization	<u>(5,484)</u>	<u>-</u>	<u>5,484</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>11,765</u>	\$ <u>19,847</u>	\$ <u>30,708</u>	\$ <u>62,320</u>	\$ <u>44,776</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, 2014

	<u>2 0 1 4</u>	<u>2 0 1 3</u>
<b>REVENUES</b>		
Grants		
Centraide	\$ 145,950	\$ 145,950
Health and Social Services Agency		
Montréal-Centre	130,615	128,558
Street Work	24,600	-
Federal Government		
Health Canada - YPP (Note 7)	66,485	59,605
Canada Summer Jobs	9,320	6,358
City of Montréal		
Jeunesse 2000	60,348	57,934
Mauve Movement - J2K	13,989	13,989
Contrat de Ville	12,000	-
OBNL locataires	2,235	-
Government of Québec		
CLSC Lunch Program - YPP	6,546	6,000
Emploi Québec	22,955	22,086
Ministère de la famille YPP	9,917	9,202
Soutien à l'action bénévole	1,500	-
Donations (Note 8)	204,399	197,473
Memberships	73,258	70,291
Program income	5,247	-
Miscellaneous	<u>1,373</u>	<u>50,001</u>
	<u>790,737</u>	<u>767,447</u>
<b>EXPENSES</b>		
Program costs, salaries and benefits		
Health Canada - Young Parents' Program (Note 7)	99,639	99,232
Medical supplies and services (including Sense Project)	68,749	72,552
City of Montreal		
Jeunesse 2000	76,308	76,035
Mauve Movement	13,989	13,946
Social counselling and Outreach	35,247	35,266
Legal services and education	31,109	31,066
Street Work	21,947	-
CLSC Lunch Program	7,880	6,477
Summer Career Placements	8,783	6,336
Youth Talent Show	-	41
Administrative costs (Note 9)	<u>409,542</u>	<u>413,738</u>
	<u>773,193</u>	<u>754,689</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 17,544</u>	<u>\$ 12,758</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, 2014

	<u>2 0 1 4</u>	<u>2 0 1 3</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 17,544	\$ 12,758
Items not affecting cash		
Amortization	<u>5,484</u>	<u>7,117</u>
	23,028	19,875
Changes in non cash operating working capital		
Accounts receivable	74,426	(64,814)
Prepaid expenses	(236)	(52)
Accounts payable	(35,435)	1,741
Deferred revenue	<u>46,836</u>	<u>31,798</u>
	<u>108,619</u>	<u>(11,452)</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<u>-</u>	<u>(476)</u>
	<u>-</u>	<u>(476)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	108,619	(11,928)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>728</u>	<u>12,656</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ <u><u>109,347</u></u>	\$ <u><u>728</u></u>

Cash and cash equivalents comprises:

Cash	\$ 109,347	\$ 21,126
Lines of credit	<u>-</u>	<u>(20,398)</u>
	\$ <u><u>109,347</u></u>	\$ <u><u>728</u></u>

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, 2014

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, 2014

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 the bank lines of credit, 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 4</u>	<u>2 0 1 3</u>
Grants receivable	\$ -	\$ 62,422
Sales taxes receivable	3,012	12,934
Miscellaneous	-	<u>2,082</u>
	<u>\$ 3,012</u>	<u>\$ 77,438</u>

4. PROPERTY AND EQUIPMENT

		<u>2 0 1 4</u>	<u>2 0 1 3</u>
	<u>Cost</u>	<u>Accumulated Amort- ization</u>	<u>Net Book Value</u>
Furniture, fixtures and equipment	\$ 24,364	\$ 18,454	\$ 5,910
Computer equipment	40,280	34,677	5,603
Rolling stock	1,875	1,623	252
Leasehold improvements	<u>8,752</u>	<u>8,752</u>	<u>-</u>
	<u>\$ 75,271</u>	<u>\$ 63,506</u>	<u>\$ 11,765</u>
			<u>\$ 17,249</u>

HEAD & HANDS INC. / À DEUX MAINS INC.  
NOTES TO THE FINANCIAL STATEMENTS  
as at March 31, 2014

5. LINES OF CREDIT

The organization has unsecured operating lines of credit on credit cards totalling \$22,000, bearing interest at 7.75%, which are renewable annually.

6. ACCOUNTS PAYABLE

	2 0 1 4	2 0 1 3
Accrued charges	\$ 6,201	\$ 4,153
Salaries and vacations payable	27,702	23,457
Government remittances	8,239	49,967
	\$ 42,142	\$ 77,577

7. HEALTH CANADA - YOUNG PARENTS' PROGRAM

	2 0 1 4	2 0 1 3
REVENUES	\$ 66,485	\$ 59,605
EXPENSES		
Salaries and fringe benefits	78,395	79,516
Travel	4,203	3,917
Materials	1,247	1,522
Rent and utilities	8,629	8,465
Activities	4,923	-
Evaluation	-	445
Miscellaneous	1,339	5,367
	98,736	99,232
	\$ (32,251)	\$ (39,627)

8. DONATIONS

	2 0 1 4	2 0 1 3
Fundraising events	\$ 69,805	\$ 58,854
Foundations	78,749	70,749
Sense project	37,958	40,034
Donations	12,460	18,519
Workshops	5,427	6,194
Jeunesse 2000	-	1,217
Young Parents' Program	-	1,335
Legal and medical donations	-	571
	\$ 204,399	\$ 197,473

9. ADMINISTRATIVE COSTS

	2 0 1 4	2 0 1 3
Salaries and fringe benefits	\$ 265,224	\$ 249,147
Administration	50,395	58,173
Rent and utilities	43,910	42,085
Maintenance	15,459	12,513
Office supplies	18,094	23,772
Miscellaneous	10,976	20,931
Amortization	5,484	7,117
	\$ 409,542	\$ 413,738

HEAD & HANDS INC. / À DEUX MAINS INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 as at March 31, 2014

10. TRUSTEE MANAGED FUNDS

	Balance March 31, <u>2 0 1 3</u>	<u>Revenues</u>	<u>Expenses</u>	Balance March 31, <u>2 0 1 4</u>
Arts Week - NDG	\$ <u>          -</u>	\$ <u>      4,700</u>	\$ <u>      3,963</u>	\$ <u>          737</u>
	\$ <u>          -</u>	\$ <u>      4,700</u>	\$ <u>      3,963</u>	\$ <u>          737</u>

11. INTERNALLY RESTRICTED FUNDS

The board of directors internally restricted resources amounting to \$19,847 which are shown as marketable securities in the financial statements. These internally restricted amounts are not available for other purposes without approval of the board of directors.

These securities represent a special gift from donors who wish to remain anonymous for the purposes of this report. They intend these funds to be used only for a possible capital campaign wherein Head & Hands Inc. would purchase a building in NDG that would become the home of their main services.

12. COMMITMENT

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

13. 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, 2014.

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 lines of credit and 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.