

HEAD & HANDS INC. / À DEUX MAINS INC.

Financial Statements

March 31, 2015

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, 2015, 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, 2015 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 3, 2015
Montreal, Quebec

HEAD & HANDS INC. / À DEUX MAINS INC.
BALANCE SHEET
as at March 31, 2015

	<u>2 0 1 5</u>	<u>2 0 1 4</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 92,891	\$ 109,347
Reserved cash - Trustee managed funds (Note 10)	-	737
Marketable securities	19,847	19,847
Accounts receivable (Note 3)	1,959	3,012
Prepaid expenses	<u>4,478</u>	<u>4,625</u>
	119,175	137,568
VACANT LAND	34,500	34,500
PROPERTY AND EQUIPMENT (Note 4)	<u>9,174</u>	<u>11,765</u>
	<u>\$ 162,849</u>	<u>\$ 183,833</u>
LIABILITIES		
CURRENT LIABILITIES		
Lines of credit (Note 5)	\$ -	\$ -
Accounts payable (Note 6)	32,512	42,142
Deferred revenue	47,939	78,634
Deferred contributions - Trustee managed funds (Note 10)	<u>-</u>	<u>737</u>
	<u>80,451</u>	<u>121,513</u>
NET ASSETS		
NET ASSETS		
Invested in property and equipment	9,174	11,765
Internally restricted funds (Note 11)	19,847	19,847
Unrestricted	<u>53,377</u>	<u>30,708</u>
	<u>82,398</u>	<u>62,320</u>
	<u>\$ 162,849</u>	<u>\$ 183,833</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, 2015

				<u>2 0 1 5</u>	<u>2 0 1 4</u>
	Invested in property and equipment	Internally restricted funds (Note 11)	Un- restricted	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 11,765	\$ 19,847	\$ 30,708	\$ 62,320	\$ 44,776
Excess of revenues over expenses	-	-	20,078	20,078	17,544
Amortization	<u>(2,591)</u>	<u>-</u>	<u>2,591</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>9,174</u>	\$ <u>19,847</u>	\$ <u>53,377</u>	\$ <u>82,398</u>	\$ <u>62,320</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, 2015

	<u>2 0 1 5</u>	<u>2 0 1 4</u>
REVENUES		
Grants		
Centraide	\$ 153,050	\$ 145,950
Health and Social Services Agency		
Montréal-Centre	131,791	130,615
Federal Government		
Health Canada - YPP (Note 7)	67,912	66,485
Canada Summer Jobs	9,512	9,320
City of Montréal		
Jeunesse 2000	73,229	60,348
Mauve Movement - J2K	13,989	13,989
Contrat de Ville	12,000	12,000
OBNL locataires	2,236	2,235
Government of Québec		
CLSC Lunch Program - YPP	8,500	6,546
Emploi Québec	19,819	22,955
Ministère de la famille YPP	9,295	9,917
Soutien à l'action bénévole	2,000	1,500
Street Work	26,870	24,600
Donations (Note 8)	268,217	204,399
Memberships	71,378	73,258
Program income	8,248	5,247
Miscellaneous	291	1,373
	<u>878,337</u>	<u>790,737</u>
EXPENSES		
Program costs, salaries and benefits		
Health Canada - Young Parents' Program (Note 7)	111,883	98,736
Medical supplies and services (including Sense Project)	76,908	68,749
City of Montreal		
Jeunesse 2000	95,598	76,308
Mauve Movement	13,989	13,989
Social counselling and Outreach	40,272	35,247
Legal services and education	33,237	31,109
Street Work	54,354	21,947
CLSC Lunch Program	7,762	7,880
Summer Career Placements	8,317	8,783
Administrative costs (Note 9)	415,939	410,445
	<u>858,259</u>	<u>773,193</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>20,078</u>	\$ <u>17,544</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, 2015

	<u>2 0 1 5</u>	<u>2 0 1 4</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 20,078	\$ 17,544
Items not affecting cash		
Amortization	<u>2,591</u>	<u>5,484</u>
	22,669	23,028
Changes in non cash operating working capital		
Accounts receivable	1,053	74,426
Prepaid expenses	147	(236)
Accounts payable	(9,630)	(35,435)
Deferred revenue	<u>(30,695)</u>	<u>46,836</u>
 (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	 (16,456)	 108,619
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>109,347</u>	 <u>728</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 \$ <u><u>92,891</u></u>	 \$ <u><u>109,347</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, 2015

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, 2015

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 5</u>	<u>2 0 1 4</u>
Sales taxes receivable	\$ <u>1,959</u>	\$ <u>3,012</u>
	\$ <u><u>1,959</u></u>	\$ <u><u>3,012</u></u>

4. PROPERTY AND EQUIPMENT		<u>2 0 1 5</u>	<u>2 0 1 4</u>
	Accumulated	Net Book	Net Book
	Amort-	Value	Value
	ization		
	<u>Cost</u>		
Furniture, fixtures and equipment	\$ 24,364	\$ 19,288	\$ 5,076
Computer equipment	40,280	36,358	3,922
Rolling stock	1,875	1,699	176
Leasehold improvements	<u>8,752</u>	<u>8,752</u>	-
	\$ <u><u>75,271</u></u>	\$ <u><u>66,097</u></u>	\$ <u><u>9,174</u></u>
			\$ <u><u>11,765</u></u>

HEAD & HANDS INC. / À DEUX MAINS INC.
 NOTES TO THE FINANCIAL STATEMENTS
 as at March 31, 2015

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

	2 0 1 5	2 0 1 4
Accrued charges	\$ 2,288	\$ 6,201
Salaries and vacations payable	12,955	27,702
Government remittances	17,269	8,239
	\$ 32,512	\$ 42,142

7. HEALTH CANADA - YOUNG PARENTS' PROGRAM

	2 0 1 5	2 0 1 4
REVENUES	\$ 67,912	\$ 66,485
EXPENSES		
Salaries and fringe benefits	85,677	78,395
Travel	4,923	4,203
Materials	3,259	1,247
Rent and utilities	8,718	8,629
Activities	7,359	4,923
Miscellaneous	1,947	1,339
	111,883	98,736
	\$ (43,971)	\$ (32,251)

8. DONATIONS

	2 0 1 5	2 0 1 4
Fundraising events	\$ 53,666	\$ 69,805
Foundations	164,245	78,749
Sense project	40,425	37,958
Donations	9,341	12,460
Workshops	540	5,427
	\$ 268,217	\$ 204,399

9. ADMINISTRATIVE COSTS

	2 0 1 5	2 0 1 4
Salaries and fringe benefits	\$ 253,699	\$ 265,224
Administration	72,340	50,395
Rent and utilities	44,602	43,910
Maintenance	14,599	15,459
Office supplies	15,752	18,094
Miscellaneous	12,356	11,879
Amortization	2,591	5,484
	\$ 415,939	\$ 410,445

HEAD & HANDS INC. / À DEUX MAINS INC.
 NOTES TO THE FINANCIAL STATEMENTS
 as at March 31, 2015

10. TRUSTEE MANAGED FUNDS

	Balance March 31, <u>2 0 1 4</u>	<u>Revenues</u>	<u>Expenses</u>	Balance March 31, <u>2 0 1 5</u>
Arts Week - NDG	\$ <u>737</u>	\$ <u>-</u>	\$ <u>737</u>	\$ <u>-</u>
	\$ <u>737</u>	\$ <u>-</u>	\$ <u>737</u>	\$ <u>-</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, 2015.

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.