

YOUTH DIVERSION PROGRAM
Financial Statements
Year Ended March 31, 2011

YOUTH DIVERSION PROGRAM

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Year Ended March 31, 2011

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DAVIES & WYNGAARDEN CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Youth Diversion Program

We have audited the accompanying financial statements of Youth Diversion Program, which comprise the statement of financial position as at March 31, 2011, and the statements of revenues and expenditures, 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 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 qualified audit opinion.

(continues)

Independent Auditor's Report to the Members of Youth Diversion Program *(continued)*

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising 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 records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

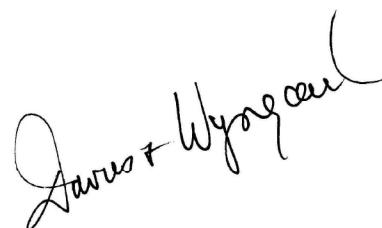
Qualified Opinion

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 the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Youth Diversion Program as at March 31, 2011 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that Youth Diversion Program adopted Canadian accounting standards for not-for-profit organizations on April 1, 2010 with a transition date of April 1, 2009. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial positions as at March 31, 2010 and April 1, 2009 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended March 31, 2010 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Kingston, Ontario
June 13, 2011



CHARTERED ACCOUNTANTS
Licensed Public Accountants

YOUTH DIVERSION PROGRAM

Statement of Financial Position

March 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 103,260	\$ 148,185
Marketable securities (Notes 4, 5)	110,155	29,626
Accounts receivable	11,523	25,954
	<u>224,938</u>	<u>203,765</u>
CAPITAL ASSETS (Note 6)	<u>2,493</u>	<u>-</u>
	<u>\$ 227,431</u>	<u>\$ 203,765</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 9,995	\$ 10,336
Deferred revenue (Note 7)	60,354	42,861
Due to Ministry of Children and Youth Services	2,593	7,040
	<u>72,942</u>	<u>60,237</u>
NET ASSETS		
General fund	90,406	82,728
Capital fund (Note 8)	64,083	60,800
	<u>154,489</u>	<u>143,528</u>
	<u>\$ 227,431</u>	<u>\$ 203,765</u>

YOUTH DIVERSION PROGRAM
Statement of Revenues and Expenditures
Year Ended March 31, 2011

	2011	2010
REVENUES		
Ministry of Children and Youth Services	\$ 270,859	\$ 260,859
Prevention programs	190,579	179,322
Donations and fundraising	64,143	114,267
United Way funding	45,000	45,000
Registration fees	600	40
Interest	491	514
Trillium funding	-	54,601
	<u>571,672</u>	<u>654,603</u>
EXPENSES		
Salaries and wages	446,001	439,089
Rent and utilities	32,463	25,815
Transfers to Ministry approved organizations	15,000	-
Office supplies	10,987	9,189
Staff travel	10,797	13,709
Program costs	9,112	22,357
Professional fees	8,561	8,364
Equipment maintenance	7,522	5,538
Insurance	6,477	6,474
Staff training	5,661	4,825
Telephone	3,892	3,715
Volunteer training	3,140	3,443
Sub-contracts	2,815	934
Advertising	2,309	5,244
Amortization	277	-
Annual meeting	836	983
Scholarships	500	541
Resources	382	45
Interest and bank charges	154	238
	<u>566,886</u>	<u>550,503</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>4,786</u>	<u>104,100</u>
OTHER INCOME		
Unrealized gains on marketable securities	5,732	3,173
Interest income	681	132
Dividend income	305	111
Capital gains (losses)	(543)	(921)
	<u>6,175</u>	<u>2,495</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 10,961</u>	<u>\$ 106,595</u>

YOUTH DIVERSION PROGRAM
Statement of Changes in Net Assets
Year Ended March 31, 2011

	General Fund	Capital Fund	2011	2010
NET ASSETS - BEGINNING OF YEAR	\$ 82,728	\$ 60,800	\$ 143,528	\$ 38,877
Excess of revenues over expenditures	7,678	3,283	10,961	106,595
NET ASSETS - END OF YEAR	\$ 90,406	\$ 64,083	\$ 154,489	\$ 145,472

YOUTH DIVERSION PROGRAM

Statement of Cash Flows

Year Ended March 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 10,961	\$ 106,595
Items not affecting cash:		
Amortization	277	-
Unrealized gains (losses) on marketable securities	(5,732)	(3,171)
Income on segregated funds	(443)	678
	<u>5,063</u>	<u>104,102</u>
Changes in non-cash working capital:		
Accounts receivable	14,431	(4,150)
Accounts payable	(341)	(2,545)
Deferred revenue	17,493	(16,919)
Due to Ministry of Children and Youth Services	(4,447)	5,171
	<u>27,136</u>	<u>(18,443)</u>
Cash flow from operating activities	<u>32,199</u>	<u>85,659</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(2,770)	-
Purchase of marketable securities	(74,354)	(2,740)
Cash flow used by investing activities	<u>(77,124)</u>	<u>(2,740)</u>
INCREASE (DECREASE) IN CASH FLOW	(44,925)	82,919
Cash - beginning of year	<u>148,185</u>	<u>65,266</u>
CASH - END OF YEAR	\$ 103,260	\$ 148,185

YOUTH DIVERSION PROGRAM

Notes to Financial Statements

Year Ended March 31, 2011

1. NATURE OF OPERATIONS

The organization is incorporated without share capital under the laws of Ontario to provide services, under the authority of the Youth Criminal Justice Act, in Kingston, Ontario. As a non-profit organization, the organization is exempt from income tax under the provisions of Section 149 of the Income Tax Act (Canada). The organization is a registered charity and the registration number is 10822 8172 RR 0001.

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the organization adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The changes have been applied retrospectively and resulted in no changes to beginning equity and no restatement of assets and liabilities.

a) The balance sheet at April 1, 2009 has no restatements.

b) The balance of retained earnings at April 1, 2009 has no restatements.

c) Net income for the year ended March 31, 2010 which was previously reported using Canadian generally accepted accounting principles, has no restatements.

d) The cash flow statement for the year ended March 31, 2010 has no restatements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies - Accounting standard for not-for-profit organizations

With regard to the organization's transition from former Canadian generally accepted accounting principals (GAAP) to Canadian accounting standards for not-for-profit organizations, the organization has made the following elections available under Canadian Institute of Chartered Accountants (CICA) Handbook Section 1500 of Canadian accounting standards for not-for-profit organizations:

Financial instruments

The organization has applied Handbook Section 3856, "Financial instruments", to the opening balance sheet for the first year presented in the financial statements for the year of adoption of accounting standards for private enterprises. Any difference between the recognition and measurement of financial instruments at that date, in accordance with Handbook Section 3856, and the prior year's closing balance sheet is recorded as an adjustment to opening retained earnings at the date of transition to accounting standards for private enterprises.

Handbook Section 3856, "Financial instruments", requires an entity to classify separately the component parts of a financial instrument that contains both a liability and an equity component. However, under this Handbook Section, the organization has opted not to separate the components if the liability component is no longer outstanding at the date of transition to accounting standards for private enterprises.

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YOUTH DIVERSION PROGRAM

Notes to Financial Statements

Year Ended March 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

At the date of transition to accounting standards for private enterprises, an entity is permitted to designate any financial asset or financial liability to be measured at fair value in accordance with Financial instruments, paragraph 3856.13(a). The organization has so elected in certain cases as set out in note Note 4 on Financial instruments.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Equipment	20%	declining balance method
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In the year of acquisition, amortization is provided at one-half the above rates. In the year of disposition, no amortization is claimed and the resulting gain or loss is adjusted through income.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standard for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. MARKETABLE SECURITIES

	2011		2010	
	Book Value	Fair Value	Book Value	Fair Value
<u>Financial assets available for sale</u>				
Great-West Life Mutual Funds	\$ 33,934	\$ 27,378	\$ 20,734	\$ 21,286
Great-West Life Mutual Funds (Capital Fund)	60,800	64,083	-	-

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YOUTH DIVERSION PROGRAM

Notes to Financial Statements

Year Ended March 31, 2011

4. MARKETABLE SECURITIES *(continued)*

	2011		2010	
	Book Value	Fair Value	Book Value	Fair Value
<u>Financial assets held to maturity</u>				
Empire Life Guaranteed Investment Certificate	8,694	8,694	8,340	8,340
	\$ 103,428	\$ 100,155	\$ 29,074	\$ 29,626

5. TRANSACTIONS WITH DIRECTORS

The organization placed their investments with a firm for which the organization's President, Paul DiRinaldo, works.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Equipment	\$ 2,770	\$ 277	\$ 2,493	\$ -

7. DEFERRED REVENUE

Deferred revenues are designated funds received by the organization for programs that have not yet been completed as at year end.

	2011	2010
Student in Need Attendance Program	\$ 27,840	\$ 14,441
Limestone District School Board School Based Program	19,035	27,408
Rebound Program	12,000	-
Improv(e) Program	1,479	-
Mentor Program	-	1,012
	\$ 60,354	\$ 42,861

8. CAPITAL FUND

The board of directors determined that it is necessary to establish a fund to enable the organization to renovate the current location or relocate as the organization continues to grow. The Board authorized a transfer of \$60,800 to the capital fund in 2010. Then change in the fund is due to the increases in market value of the investments.

YOUTH DIVERSION PROGRAM

Notes to Financial Statements

Year Ended March 31, 2011

9. LEASE COMMITMENTS

The organization has long term leases with respect to its premises and office equipment. Future minimum lease payments as at March 31, 2011, are as follows:

2012	\$	10,834
2013		<u>810</u>
	\$	<u>11,644</u>

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

11. SUPPLEMENTARY FINANCIAL INFORMATION

The organization receives funding from the Ministry of Children and Youth Services - Youth Justice Services and the Ministry of Attorney General. As part of its funding agreements the organization is required to provide supplementary financial information on programs funded by the Ministries. As such, schedules have been prepared which provide information on the revenues and expenditures of each detail code.

YOUTH DIVERSION PROGRAM
Allocated Central Administration
Year Ended March 31, 2011

(Schedule 1)

	2011	2010
REVENUE	\$ -	\$ 20,870
EXPENDITURES		
Salaries and wages	9,650	9,614
Professional fees	6,740	8,364
Rent	2,587	2,291
Annual meetings	784	983
Insurance	700	2,500
Office supplies	166	108
Telephone	46	36
Equipment maintenance	19	57
Interest and bank charges	12	-
Volunteer training	-	120
	20,704	24,073
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (20,704)	\$ (3,203)

YOUTH DIVERSION PROGRAM**A802 Extrajudicial Measures****(Schedule 2)****Year Ended March 31, 2011**

	2011	2010
REVENUE	\$ 60,072	\$ 46,709
EXPENDITURES		
Salaries and wages	35,601	35,464
Transfers to Ministry approved organizations	7,500	-
Rent	2,150	2,200
Staff travel	1,918	1,570
Insurance	1,800	1,800
Program costs	1,565	2,867
Office supplies	1,358	1,009
Staff training	1,000	1,006
Purchased services	801	957
Equipment maintenance	580	958
Advertising	161	136
Volunteer training	50	32
Interest and bank charges	25	-
	54,509	47,999
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 5,563	\$ (1,290)

YOUTH DIVERSION PROGRAM
A804 Other Extrajudicial Sanctions
Year Ended March 31, 2011

(Schedule 3)

	2011	2010
REVENUE	\$ 74,087	\$ 63,359
EXPENDITURES		
Salaries and wages	49,091	49,009
Transfers to Ministry approved organizations	7,500	-
Rent	5,400	5,300
Equipment maintenance	2,555	308
Staff travel	2,182	2,384
Office supplies	1,002	764
Staff training	939	941
Insurance	600	600
Purchased services	441	131
Telephone	386	300
Volunteer training	296	32
Program costs	243	1,755
Resources	92	-
Interest and bank charges	25	-
Advertising	24	112
	70,776	61,636
EXCESS OF REVENUE OVER EXPENDITURES	\$ 3,311	\$ 1,723

YOUTH DIVERSION PROGRAM**A809 Community Service Order****(Schedule 4)****Year Ended March 31, 2011**

	2011	2010
REVENUE	\$ 55,833	\$ 50,781
EXPENDITURES		
Salaries and wages	41,144	41,215
Rent	4,000	4,000
Staff travel	1,600	2,000
Equipment maintenance	1,116	311
Office supplies	698	818
Staff training	553	612
Insurance	500	500
Telephone	334	401
Purchased services	195	88
Program costs	170	606
Volunteer training	50	7
Interest and bank charges	25	-
Advertising	24	121
	50,409	50,679
EXCESS OF REVENUE OVER EXPENDITURES	\$ 5,424	\$ 102

YOUTH DIVERSION PROGRAM**A819 School Based Prevention****(Schedule 5)****Year Ended March 31, 2011**

	2011	2010
REVENUE	\$ 88,488	\$ 87,264
EXPENDITURES		
Salaries and wages	68,188	69,778
Staff travel	2,700	2,701
Rent	2,500	2,300
Equipment maintenance	2,019	507
Office supplies	1,194	734
Staff training	808	1,044
Telephone	533	371
Purchased services	483	137
Insurance	400	400
Advertising	103	110
Volunteer training	50	29
Interest and bank charges	25	-
Program costs	15	10,202
	79,018	88,313
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 9,470	\$ (1,049)

YOUTH DIVERSION PROGRAM
Ministry of Attorney General Program
Year Ended March 31, 2011

(Schedule 6)

	2011	2010
REVENUE	\$ 70,478	\$ 49,780
EXPENDITURES		
Salaries and wages	57,554	38,008
Staff training	2,691	2,428
Rent	2,000	1,483
Office supplies	1,922	1,334
Equipment maintenance	1,000	875
Staff travel	751	1,374
Advertising	711	1,323
Telephone	600	600
Purchased services	396	1,370
Program costs	284	985
	67,909	49,780
EXCESS OF REVENUE OVER EXPENDITURES	\$ 2,569	\$ -