

RESOURCE ASSISTANCE FOR YOUTH, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

Roy Parker

Chartered Accountant Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Directors of:
Resource Assistance for Youth, Inc.

I have audited the accompanying financial statements of Resource Assistance for Youth, Inc., which comprise the statement of financial position as at December 31, 2010, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

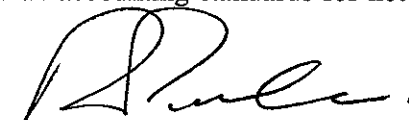
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 of 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Resource Assistance for Youth, Inc. as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba
May 17, 2011



Chartered Accountant

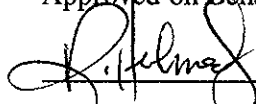
RESOURCE ASSISTANCE FOR YOUTH, INC.


STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

	<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets			
Cash		\$ -	\$ 9,534
Restricted cash (note 3)		36,600	44,600
Accounts receivable		45,703	40,817
GST receivable		8,296	21,443
Prepaid expenses		<u>10,960</u>	<u>8,793</u>
		<u>101,559</u>	<u>125,187</u>
Capital assets (note 4)		<u>1,435,782</u>	<u>1,310,235</u>
		<u>\$ 1,537,341</u>	<u>\$ 1,435,422</u>
<u>Liabilities and Net Assets</u>			
Current liabilities			
Bank indebtedness (note 5)		\$ 150,796	\$ -
Accounts payable and accrued liabilities		26,533	78,421
Holdbacks payable		-	53,516
Prepaid contributions (note 6)		<u>36,600</u>	<u>44,600</u>
		<u>213,929</u>	<u>176,537</u>
Deferred contributions related to capital assets (note 8)		<u>1,178,389</u>	<u>1,116,886</u>
Net assets			
Net assets invested in capital assets		151,834	193,349
Deficiency		<u>(6,811)</u>	<u>(51,350)</u>
		<u>145,023</u>	<u>141,999</u>
		<u>\$ 1,537,341</u>	<u>\$ 1,435,422</u>

Approved on Behalf of the Board

 Director

 Director

Roy Parker

Chartered Accountant Inc.

RESOURCE ASSISTANCE FOR YOUTH, INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Revenue		
Government of Canada	\$ 229,151	\$ 219,619
Province of Manitoba	305,035	274,941
Contributions from charities and foundations	208,656	221,383
Donations	134,785	61,096
Amortization of deferred contributions	46,842	33,159
Interest income and other	<u>923</u>	<u>2,917</u>
	<u>925,392</u>	<u>813,115</u>
Expense		
Advertising	2,624	2,699
Amortization	67,169	40,563
Auto	9,458	12,090
Insurance	11,760	11,208
Interest and bank charges	5,266	2,210
Maintenance and repairs	26,808	10,737
Meetings	1,530	3,781
Memberships and dues	1,050	441
Office	24,918	12,658
Professional fees	12,122	11,554
Program expenses	51,562	64,797
Property taxes	16,647	18,409
Public awareness	6,056	16,363
Rent and utilities	11,691	9,711
Telecommunications	14,717	13,758
Travel	6,615	876
Wages and benefits	<u>652,375</u>	<u>560,349</u>
	<u>922,368</u>	<u>792,204</u>
Excess of revenue over expense for the year	\$ <u>3,024</u>	\$ <u>20,911</u>

RESOURCE ASSISTANCE FOR YOUTH, INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Invested in Capital Assets	<u>Unrestricted</u>	2010 <u>Total</u>	2009 <u>Total</u>
Balance, beginning of year	\$ 193,349	\$ (51,350)	\$ 141,999	\$ 121,088
Excess of revenue over expense for the year	(20,327)	23,351	3,024	20,911
Investment in capital assets	87,157	(87,157)	-	-
Restricted contributions related to capital assets	(108,345)	<u>108,345</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>151,834</u>	\$ <u>(6,811)</u>	\$ <u>145,023</u>	\$ <u>141,999</u>

RESOURCE ASSISTANCE FOR YOUTH, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Cash receipts	\$ 878,810	\$ 766,933
Cash paid for operating expenses	(957,503)	(644,515)
Interest income from capital campaign	67	7,165
Interest paid	<u>(5,266)</u>	<u>(2,210)</u>
	<u>(83,892)</u>	<u>127,373</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(192,716)</u>	<u>(831,662)</u>
Cash flows from financing activities		
Capital campaign contributions	<u>108,278</u>	<u>439,721</u>
Decrease in cash	(168,330)	(264,568)
Cash, beginning of year	<u>54,134</u>	<u>318,702</u>
Cash (bank indebtedness), end of year	\$ <u>(114,196)</u>	\$ <u>54,134</u>
Cash (bank indebtedness) consists of:		
Bank indebtedness	\$ (150,796)	\$ 9,534
Restricted cash	<u>36,600</u>	<u>44,600</u>
	\$ <u>(114,196)</u>	\$ <u>54,134</u>

RESOURCE ASSISTANCE FOR YOUTH, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. Purpose of the organization

Resource Assistance for Youth, Inc. (the "Organization") is incorporated under The Corporations Act of Manitoba as a not-for-profit organization and is a registered charitable organization under the Income Tax Act.

The Organization's mandate is to provide support, education and resources to empower youth to make informed choices that will improve their quality of life.

2. Summary of significant accounting policies

a) 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 received or receivable if the collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

b) Capital assets

Capital assets purchased are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization of capital assets has been provided for using the following rates and methods which will amortize the cost of the assets over their estimated useful lives.

Building	4% declining balance
Furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Vehicle	30% declining balance

RESOURCE ASSISTANCE FOR YOUTH, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
DECEMBER 31, 2010

2. Summary of significant accounting policies, cont'd

c) Contributed services

Volunteers contribute numerous hours per year to assist the Organization in carrying out its purpose. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

d) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

e) Financial instruments

The Organization's financial instruments consist of cash, accounts receivable, accounts payable and bank indebtedness. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

3. Restricted cash

	<u>2010</u>	<u>2009</u>
Restricted cash consists of the following balances:		
Prepaid contributions (note 6)	\$ <u>36,600</u>	\$ <u>44,600</u>

The Organization has received contributions and other deposits where the use of such funds is restricted to expenditures to be incurred in the following year, capital campaign and contingency fund expenditures as determined by the donor or the Board of Directors.

RESOURCE ASSISTANCE FOR YOUTH, INC.

NOTES TO THE FINANCIAL STATEMENTS, CONT'D

DECEMBER 31, 2010

4. Capital assets

	<u>2010</u>		<u>2009</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 127,000	\$ -	\$ 127,000	\$ -
Building	1,307,125	86,145	1,155,045	38,439
Furniture and equipment	91,076	21,413	57,686	8,170
Computer equipment	25,966	14,924	20,909	11,275
Vehicle	<u>10,989</u>	<u>3,892</u>	<u>8,799</u>	<u>1,320</u>
	<u>\$ 1,562,156</u>	<u>\$ 126,374</u>	<u>\$ 1,369,439</u>	<u>\$ 59,204</u>
Cost less accumulated amortization		<u>\$ 1,435,782</u>		<u>\$ 1,310,235</u>

5. Bank indebtedness

The bank indebtedness consists of the following:

	<u>2010</u>	<u>2009</u>
Cheques issued in excess of cash on deposit	\$ 45,237	\$ -
Line of credit utilized	<u>105,559</u>	<u>-</u>
	<u>\$ 150,796</u>	<u>\$ -</u>

The bank indebtedness is secured by a demand commercial line of credit agreement for \$225,000, a general security agreement providing a first fixed and floating charge over all assets of the organization and a registered first real property multi-purpose mortgage of \$225,000 on the land and building. The line of credit bears interest at prime plus 2% per annum, payable monthly.

6. Prepaid contributions

Prepaid contributions represent restricted operating funding received in the current period that is related to the subsequent period.

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Chartered Accountant Inc.

RESOURCE ASSISTANCE FOR YOUTH, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
DECEMBER 31, 2010

7. Deferred capital campaign contributions

The Organization launched a capital campaign with the target to raise \$1,000,000 to fund building and other capital additions. The changes in the deferred capital campaign contributions balance for the year are as follows:

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ -	\$ 195,247
Add: Contributions in the year	108,278	439,721
Related investment income	67	7,165
Less: Investment in capital assets	<u>(108,345)</u>	<u>(642,133)</u>
Balance, end of year	\$ <u>-</u>	\$ <u>-</u>

8. Deferred contributions related to capital assets

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 1,116,886	\$ 507,912
Add: Capital fund contributions	108,345	642,133
Less: Amounts amortized to revenue	<u>(46,842)</u>	<u>(33,159)</u>
Balance, end of year	\$ <u>1,178,389</u>	\$ <u>1,116,886</u>