

JER'S VISION: CANADA'S YOUTH DIVERSITY INITIATIVE

FINANCIAL STATEMENTS

JUNE 20, 2012



JER'S VISION: CANADA'S YOUTH DIVERSITY INITIATIVE

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AUDIT ENGAGEMENT REPORT

To the directors of Jer's Vision: Canada's Youth Diversity Initiative

I have audited the statement of financial position of Jer's Vision: Canada's Youth Diversity Initiative as at June 20, 2012 and the statements of operations, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Jer's Vision's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses, assets and net assets.

In my opinion, except for the effect of any adjustments which might have been required had I been able to satisfy myself concerning the completeness of donations revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Jer's Vision: Canada's Youth Diversity Initiative as at June 20, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in blue ink, appearing to read "Firas Nasser", is written over a light blue horizontal line.

Firas Nasser
Chartered Accountant, Licensed Public Accountant

Ottawa, Ontario
January 10, 2013

**JER'S VISION: CANADA'S YOUTH DIVERSITY INITIATIVE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 20, 2012**

	2012	2011
ASSETS		
Current		
Cash	\$ 183,461	\$ 89,658
Accounts receivable	-	1,052
HST receivable	3,270	-
Short-term investments (note 3)	41,476	41,170
Prepaid expenses (note 4)	6,500	1,302
	<u>234,707</u>	<u>133,182</u>
Property plant & equipment	<u>2,905</u>	<u>3,977</u>
	<u>\$ 237,612</u>	<u>\$ 137,159</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 19,553	\$ 11,434
UNRESTRICTED NET ASSETS		
Balance, beginning of year	125,725	89,545
Excess revenue over expenses for the year	92,334	36,180
Balance, end of year	<u>218,059</u>	<u>125,725</u>
	<u>\$ 237,612</u>	<u>\$ 137,159</u>

Approved on behalf of the board

Director

JER'S VISION: CANADA'S YOUTH DIVERSITY INITIATIVE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 20, 2012

	2012	2011
REVENUES		
Donations - receipted	\$ -	\$ 2,500
Donations - unreceipted	143,467	25,385
Canada Helps	21,746	3,154
Fundraising	1,870	8,828
Grants	112,014	-
Sponsorships	-	90,000
United way	3,937	1,371
Interest	472	507
	<u>283,506</u>	<u>131,745</u>
EXPENSES		
Advertising and promotion	8,556	3,924
Amortization	1,072	654
Bank charges	230	134
Catering	6,680	2,251
Event	34,752	2,462
Honorarium	3,500	21,900
Insurance	1,612	370
Office	5,768	5,251
Professional fees	8,959	7,664
Rent	(280)	4,138
Salaries and benefits	49,353	34,499
Scholarships	2,650	500
Subcontractor	42,775	-
Telecommunications	4,467	1,919
Travel	21,078	9,899
	<u>191,172</u>	<u>95,565</u>
EXCESS REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 92,334</u>	<u>\$ 36,180</u>

JER'S VISION: CANADA'S YOUTH DIVERSITY INITIATIVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 20, 2012

	2012	2011
Cash flows from operating activities		
Excess revenue over expenses for the year	\$ 92,334	\$ 36,180
Amortization	1,072	654
Changes in non-cash working capital items		
Accounts receivable	1,052	(1,052)
HST receivable	(3,270)	
Short-term investments	(306)	(453)
Prepaid expenses	(5,198)	(1,302)
Accounts payable and accrued liabilities	<u>8,119</u>	<u>8,524</u>
	93,803	42,551
Cash flows from investing activities		
Purchase of capital assets	<u>-</u>	<u>(4,631)</u>
Increase in cash for the year	93,803	37,920
Cash, beginning of year	<u>89,658</u>	<u>51,738</u>
Cash, end of year	<u><u>\$ 183,461</u></u>	<u><u>\$ 89,658</u></u>

JER'S VISION: CANADA'S YOUTH DIVERSITY INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 20, 2012

1. Nature and purpose of the organization:

Jer's Vision: Canada's Youth Diversity Initiative (the "organization") was established by Jeremy Dias to address discrimination and promote diversity by providing educational programs helping people make a difference; arts programs that use art as a tool to immerse and engage; community involvement through participation in events and social networks, and supporting youth ideas by giving support through funding and organizational support to youth seeking to improve their schools and communities.

The organization was granted its charitable status on February 1, 2005 and was incorporated as a non-profit organization without share capital on August 1, 2008 under the Canada Organizations Act. As a registered charity, Jer's Vision qualifies for tax-exempt status.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

(a) Use of estimates:

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

(b) Revenue recognition

The organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

(c) Donated goods and services:

A substantial number of volunteers contribute a significant amount of time each year in support of the activities of the organization. The value of such contributed goods and services is not quantified in the financial statements.

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2. Significant accounting policies (continued):

(d) Property, plant and equipment:

Purchased property, plant and equipment is recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Repairs and maintenance costs are expensed. Betterments, which extend the estimated life of an asset, are capitalized. When property, plant and equipment no longer contribute to the organization's ability to provide services, their carrying amount is written down to its residual value.

(e) Financial instruments:

The organization classifies all financial instruments in one of the following categories: held-for-trading, held-to-maturity, loans and receivables, other financial liabilities, or available-for-sale financial assets. Upon initial recognition, financial assets or financial liabilities are measured at their fair value. The related accounting treatment for financial instruments subsequent to initial recognition depends on the classification. Financial assets and liabilities categorized as held-for-trading are measured at fair value with gains and losses recognized in the statement of operations. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with changes in fair value initially recorded directly in the statement of changes in net assets until the financial asset is sold or impaired at which time the amounts are recognized in the statement of operations. In addition, the derivatives embedded in financial instruments or other contracts are accounted for separately.

The Organization classifies financial instruments as follows:

Cash and cash equivalents are classified as available-for-sale.

Accounts payable, accrued liabilities and long-term debt have been classified as other financial liabilities.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit risks arising from these financial instruments.

Financial risk management

The organization manages its cash according to its needs in such a way to maximize investment income. The organization is not involved in any hedging relationships through its operations and does not hold or use any derivative investments for trading purposes.

Fair Value

All financial instruments measured at fair value in the statement of financial position are categorized into one of three hierarchy levels. Each level is based on the significance of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Inputs are unadjusted quoted market prices of identical instruments in active markets;

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2. Significant accounting policies (continued):

(e) Financial instruments (continued):

Level 2 – Inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – One or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of financial instruments in the hierarchy is based upon the lowest level of input if significant to the measurement of fair value.

(k) Future accounting changes:

The Canadian Institute of Chartered Accountants has issued a new accounting framework, Part III – *Accounting Standards for Not-for-Profit Organizations*, which will be effective for the Organization's fiscal year beginning June 21, 2012. The Organization is currently assessing the impact of these standards on its financial statements.

3. Short-term investments

Short-term investments include TD Mortgage Organization Guaranteed Investment Certificates (GIC's) and are classified as held-for-sale and recorded at fair value.

4. Property plant & equipment

Property plant & equipment are recorded at cost and are amortized over their estimated useful lives as follows:

Furniture & equipment	20%	Declining balance
Computer equipment	55%	Declining balance

2012			
	Cost	Accumulated Amortization	Net book value
Furniture & equipment	3,540	991	2,549
Computer equipment	1,091	735	356
	4,631	1,726	2,905

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4. Property plant & equipment (continued):

2011			
	Cost	Accumulated Amortization	Net book value
Furniture & equipment	3,540	354	3,186
Computer equipment	1,091	300	791
	4,631	654	3,977

5. Financial instruments:

(a) Risk management:

The Board of Directors has responsibility for the review and oversight of the organization's risk management framework and general corporate risk profile. Through its committees, the Board oversees analysis of various risks facing the organization that evolve in response to economic conditions and industry circumstances.

The organization is exposed to risks as a result of holding financial instruments. The organization does not enter into transactions involving financial instruments, including derivative financial instruments, for speculative purposes. The following is a description of those risks and how they are managed.

(i) *Market risk:*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk. The risks the Organization is exposed to are discussed below:

Interest Rate Risk:

Interest rate risk pertains to the effect of changes in market interest rates on the fair value of future cash flows related to the Organization's existing financial assets and liabilities.

The organization is exposed to interest rate risk on its cash and cash equivalents and its short-term investments. At June 20, 2012, this exposure was minimal due to low prevailing rates of return.

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6. Capital disclosures:

The organization is a non-share capital organization and plans its operations to essentially result in an annual financial breakeven position. The Organization considers its capital to be the sum of its net assets. This definition is used by management and may not be comparable to measures presented by other entities. The organization's objectives when managing capital are to maintain flexibility between:

- a) enabling it to operate efficiently;
- b) providing liquidity and access to net assets for growth opportunities; and
- c) generating predictable cash flows for the continuing operations of the organization.

The organization manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria; but rather promotes year over year sustainable surpluses in order to maintain operations. The organization is not subject to any externally imposed capital requirements.