

HEART TOUCHING HEART MINISTRIES
operating as "The Dam"

FINANCIAL STATEMENTS

DECEMBER 31, 2001

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AUDITORS' REPORT

TO THE MEMBERS OF
HEART TOUCHING HEART MINISTRIES

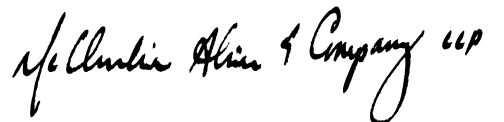
We have audited the statement of financial position of Heart Touching Heart Ministries as at December 31, 2001 and the statements of revenue, expenditure and general fund balance and changes in cash position for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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 and fund raising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these items 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 donations and fund raising, excess of revenue over expenditure, current assets and net assets.

In our opinion, except for any adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fund raising referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2001 and the results of operations and changes in its cash position for the year then ended in accordance with generally accepted accounting principles.

Mississauga, Ontario
April 10, 2002



CHARTERED ACCOUNTANTS

HEART TOUCHING HEART MINISTRIES

operating as "The Dam"

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2001

	2001	2000
ASSETS		
CURRENT		
Cash and short term deposits	\$ 57,033	\$ 81,549
Goods and services tax recoverable	2,010	3,514
Inventory of in-kind donated art work	23,515	30,815
	<u>\$ 82,558</u>	<u>\$ 115,878</u>
LIABILITIES		
CURRENT		
Deferred revenue	\$ <u>40,000</u>	\$ <u>-</u>
NET ASSETS		
GENERAL FUND	<i>page 4</i> 42,558	115,878
	<u>\$ 82,558</u>	<u>\$ 115,878</u>

Approved on behalf of the board:

"A. Levy-Ward"

President

"V. Scantlebury"

Treasurer

The accompanying notes are an integral part of these financial statements

HEART TOUCHING HEART MINISTRIES

operating as "The Dam"

STATEMENT OF REVENUE, EXPENDITURE AND GENERAL FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2001

	2001	%	2000	%
REVENUE				
Donations and fund raising	\$ 268,093	81.5	\$ 322,694	79.2
Donations in-kind - other	39,663	12.1	26,020	6.4
Region of Peel funding	15,612	4.7	15,300	3.8
United Way funding	-	0.0	38,000	9.3
Grant	4,679	1.4	4,517	1.1
Interest	914	0.3	918	0.2
	<u>328,961</u>	<u>100.0</u>	<u>407,449</u>	<u>100.0</u>
EXPENDITURE				
Administrative	11,638	2.9	5,648	1.5
Advertising and fund raising	8,412	2.1	5,505	1.5
Audit	1,168	0.3	1,138	0.3
Art cost	7,300	1.8	14,475	4.0
Bank charges and fees	2,579	0.6	1,919	0.5
Donations in-kind - other	38,498	9.6	25,175	6.9
Equipment rental	-	0.0	850	0.2
Insurance	2,080	0.5	2,954	0.8
Program supplies	15,277	3.8	11,242	3.1
Rent	24,850	6.2	24,850	6.8
Repairs and maintenance	1,198	0.3	1,907	0.5
Salaries and benefits	276,490	68.6	256,914	70.2
Telephone	3,411	0.8	2,369	0.6
Training and development	7,639	1.9	8,622	2.4
Travel and conferences	1,741	0.4	1,676	0.5
	<u>402,281</u>	<u>99.8</u>	<u>365,244</u>	<u>99.8</u>
EXCESS OF REVENUE OVER				
EXPENDITURE FOR THE YEAR	(73,320)		42,205	
General fund balance, beginning of year	115,878		73,673	
GENERAL FUND BALANCE,				
END OF YEAR	\$ 42,558		\$ 115,878	

The accompanying notes are an integral part of these financial statements

HEART TOUCHING HEART MINISTRIES
operating as "The Dam"
STATEMENT OF CHANGES IN CASH POSITION
FOR THE YEAR ENDED DECEMBER 31, 2001

	2001	2000
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Excess of revenue over expenditure for the year	\$ <u>(73,320)</u>	\$ <u>42,205</u>
Changes in non-cash working capital balances		
Goods and services tax recoverable	1,504	(1,822)
Inventory of in-kind donated art work	7,300	14,275
Deferred revenue	<u>40,000</u>	<u>(38,000)</u>
	<u>(24,516)</u>	<u>16,658</u>
INCREASE IN CASH FOR THE YEAR	(24,516)	16,658
Cash, beginning of year	81,549	64,891
CASH, END OF YEAR	\$ 57,033	\$ 81,549

The accompanying notes are an integral part of these financial statements

HEART TOUCHING HEART MINISTRIES
operating as "The Dam"
STATEMENT OF CHANGES IN CASH POSITION

DECEMBER 31, 2001

1. MISSION STATEMENT OF THE ORGANIZATION

The Dam Youth Drop-In is a non-profit, humanitarian Christian organization with registered charitable status.

The purpose of the Organization is to provide programs, through "The Dam" drop-in, for marginalized teenagers in Mississauga, Ontario. The organization seeks to attract youth from the local community into a drop-in style environment. Participants are encouraged to participate in programs such as therapeutic drama, literary workshops and sports, thereby building relationships with Christian staff and community volunteers who are able to provide assistance to those outside traditional social service programs.

2. SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Organization follows the principles of fund accounting whereby funds are segregated and their use restricted. The Organization has no donor restricted funds. The funds are held in accordance with the policies set by the board.

General Fund

This fund includes the day-to-day programs of The Dam.

Donations

The Organization follows the accrual basis of accounting except that donations are recorded when received. Pledges are not recognized until received.

Donations in kind are recorded at fair market value at the time of receipt.

Inventory

Inventory consists of in-kind donated art which has been recorded at appraised values less an estimate for slow moving and obsolete art.

Capital Assets

Capital assets acquired are expensed in the year of purchase.

Organization

The Organization was incorporated March 9, 1995 without share capital under the laws of Ontario and is exempt from income taxes as a registered charity under the Income Tax Act. The Organization has met all of the requirements to maintain its tax exempt status.

Financial Instruments

The fair values of cash, accounts receivable, accounts payable and loans payable correspond