

**HEART TOUCHING HEART MINISTRIES**  
**operating as The Dam Youth Drop-in**

***FINANCIAL STATEMENTS***

DECEMBER 31, 2003

<b>Auditors' Report</b>	2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenue and Expenditure	5
Statement of Changes in Cash Position	6
Notes to Financial Statements	7 - 8

**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, 2003 and the statements of changes in net assets and revenue and expenditure 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 Canadian 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, 2003 and the results of operations and changes in its cash position for the year then ended in accordance with Canadian generally accepted accounting principles.

Mississauga, Ontario  
April 6, 2004



**CHARTERED ACCOUNTANTS**

**HEART TOUCHING HEART MINISTRIES**

**operating as The Dam Youth Drop-in**

**STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2003

	<u>2003</u>			<u>2002</u>
	<u>General</u>	<u>Capital</u>	<u>Total</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and short term deposits	\$ 72,300	\$ 57,931	\$ 130,231	\$ 120,355
Goods and services tax recoverable	1,542	-	1,542	1,524
Prepaid expense	9,159	-	9,159	-
Inventory of in-kind donated art work	3,650	-	3,650	13,585
	<u>\$ 86,651</u>	<u>\$ 57,931</u>	<u>\$ 144,582</u>	<u>\$ 135,464</u>
<b>NET ASSETS</b>				
Fund balance	<u>\$ 86,651</u>	<u>\$ 57,931</u>	<u>\$ 144,582</u>	<u>\$ 135,464</u>

*Approved on behalf of the board:*

\_\_\_\_\_  
President

\_\_\_\_\_  
Treasurer

**HEART TOUCHING HEART MINISTRIES**  
**operating as The Dam Youth Drop-in**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>2003</b>			2002
	<b>General</b>	<b>Capital</b>	<b>Total</b>	Total
Net assets, beginning of year	\$ 85,083	\$ 50,381	\$ 135,464	\$ 42,558
Excess of revenue over expenditure for the year	1,568	7,550	9,118	92,906
<b>Net assets, end of year</b>	<b>\$ 86,651</b>	<b>\$ 57,931</b>	<b>\$ 144,582</b>	<b>\$ 135,464</b>

*The accompanying notes are an integral part of these financial statements*

**HEART TOUCHING HEART MINISTRIES**  
**operating as The Dam Youth Drop-in**  
**STATEMENT OF REVENUE AND EXPENDITURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	2003			2002
	General	Capital	Total	Total
<b>Revenue</b>				
Donations and fund raising	\$ 336,993	\$ 7,550	\$ 344,543	\$ 420,100
Donations in-kind - other	47,896	-	47,896	48,685
Region of Peel funding	16,240	-	16,240	23,222
Interest	1,066	-	1,066	13
	<b>402,195</b>	<b>7,550</b>	<b>409,745</b>	492,020
<b>Expenditure</b>				
Administrative	5,827	-	5,827	6,010
Advertising and fund raising	8,365	-	8,365	11,182
Audit	1,166	-	1,166	1,089
Art cost	9,935	-	9,935	7,057
Bank charges and fees	4,278	-	4,278	3,086
Donations in-kind - other	43,015	-	43,015	36,862
Insurance	4,100	-	4,100	3,290
Programme supplies	16,257	-	16,257	23,831
Rent and equipment	9,208	-	9,208	10,987
Repairs and maintenance	-	-	-	7,080
Salaries and benefits	280,669	-	280,669	275,540
Telephone	5,826	-	5,826	5,448
Training and development	7,579	-	7,579	5,414
Travel and conferences	4,402	-	4,402	2,238
	<b>400,627</b>	-	<b>400,627</b>	399,114
<b>Excess of revenue over expenditure for the year</b>	<b>\$ 1,568</b>	<b>\$ 7,550</b>	<b>\$ 9,118</b>	<b>\$ 92,906</b>

*The accompanying notes are an integral part of these financial statements*

**HEART TOUCHING HEART MINISTRIES**  
**operating as The Dam Youth Drop-in**  
**STATEMENT OF CHANGES IN CASH POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>2003</b>	<b>2002</b>
<b>Cash provided by (used by)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditure for the year	\$ <b>9,118</b>	\$ 92,906
Changes in non-cash working capital balances		
Goods and services tax recoverable	(18)	486
Prepaid expenses	(9,159)	-
Inventory of in-kind donated art work	9,935	9,930
Deferred revenue	-	(40,000)
<b>Increase in cash for the year</b>	<b>9,876</b>	63,322
Cash and short term investments, beginning of year	<b>120,355</b>	57,033
<b>Cash and short term investments, end of year</b>	<b>\$ 130,231</b>	\$ 120,355

*The accompanying notes are an integral part of these financial statements*

# **HEART TOUCHING HEART MINISTRIES**

**operating as The Dam Youth Drop-in**

## ***NOTES TO FINANCIAL STATEMENTS***

DECEMBER 31, 2003

---

### **1. MISSION STATEMENT OF THE ORGANIZATION**

---

Heart Touching Heart Ministries, operating as The Dam Youth Drop-in is a non-profit, humanitarian Christian organization with registered charitable status.

The purpose of the Organization is to provide programmes 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 programmes 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 programmes.

---

### **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 programmes of The Dam Drop-in.

#### **Capital Fund**

These funds have been designated for expansion to new premises.

#### **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.

**HEART TOUCHING HEART MINISTRIES**

**operating as The Dam Youth Drop-in**

***NOTES TO FINANCIAL STATEMENTS***

DECEMBER 31, 2003

---

**2. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

---

**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 and accounts payable correspond approximately to their carrying amount because of their short term maturity dates.