

**OPERATION COME HOME
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

**Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements**





INDEPENDENT AUDITOR'S REPORT

To the members of
Operation Come Home

We have audited the accompanying financial statements of Operation Come Home 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.

Managements's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Operation Come Home as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Connelly & Koshy, CA, Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Ottawa, Ontario
May 10, 2011

**OPERATION COME HOME
(A Not for Profit Corporation)**

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

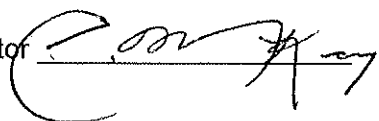
	2010	2009
	\$	\$
ASSETS		
CURRENT		
Cash	82,434	88,615
Short-term investments (Notes 2e and 4)	10,000	10,000
Accounts receivable (Note 10)	14,200	5,169
Prepaid expenses (Note 5)	<u>37,515</u>	<u>0</u>
	<u>144,149</u>	<u>103,784</u>
NON-CURRENT		
Investments (Notes 2f and 6)	15,517	15,517
Property, plant and equipment (Notes 2g and 3)	<u>46,691</u>	<u>35,263</u>
	<u>62,208</u>	<u>50,780</u>
TOTAL ASSETS	<u><u>206,357</u></u>	<u><u>154,564</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 11)	<u>25,891</u>	<u>3,131</u>
NET ASSETS		
Invested in capital assets	46,691	35,263
Unrestricted	<u>133,775</u>	<u>116,170</u>
	<u>180,466</u>	<u>151,433</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>206,357</u></u>	<u><u>154,564</u></u>

APPROVED ON BEHALF OF THE BOARD:

Director



Director



(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)

OPERATION COME HOME
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	\$	\$
REVENUE		
Donations	134,043	133,979
Fundraising	90,704	90,076
Grants	<u>702,981</u>	<u>528,574</u>
	<u>927,728</u>	<u>752,629</u>
EXPENSES		
Advertising and promotion	10,808	6,103
Amortization - capital assets	12,264	8,439
Automobile expenses	8,071	15,336
Bank charges and interest	2,502	2,231
Fundraising costs	19,867	22,614
Insurance	8,225	4,546
Programming and supplies	36,963	33,533
Office supplies	29,514	20,224
Professional fees	29,263	16,981
Rent and utilities	76,632	85,285
Salaries and employee benefits	473,238	422,504
Telecommunications	10,698	10,867
Travel	4,895	4,536
Youth programming	170,875	78,686
Youth transport	<u>11,198</u>	<u>7,678</u>
	<u>905,013</u>	<u>739,563</u>
OTHER INCOME		
Interest income	18	121
Loss on disposal of capital assets	0	(447)
Other income	0	1,038
Rental income	<u>6,300</u>	<u>0</u>
	<u>6,318</u>	<u>712</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u><u>29,033</u></u>	<u><u>13,778</u></u>

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)



OPERATION COME HOME
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted	Invested in Capital Assets	Total 2010	Total 2009
	\$	\$	\$	\$
NET ASSETS , beginning of year	116,170	35,263	151,433	144,634
Excess of revenues over expenditures (expenditures over revenues) for the year	41,297	(12,264)	29,033	13,778
Endowment contributions	0	0	0	(6,979)
Invested in capital assets	<u>(23,692)</u>	<u>23,692</u>	<u>0</u>	<u>0</u>
NET ASSETS , end of year	<u>133,775</u>	<u>46,691</u>	<u>180,466</u>	<u>151,433</u>

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)



OPERATION COME HOME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	29,033	13,778
Add: amortization	12,264	8,439
Add: loss on disposal of assets	<u>0</u>	<u>447</u>
	41,297	22,664
Net change in accounts receivable	(9,030)	(1,151)
Net change in prepaid expenses	(37,515)	0
Net change in accounts payable and accrued liabilities	<u>22,759</u>	<u>(1,169)</u>
	<u>17,511</u>	<u>20,344</u>
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	<u>(23,692)</u>	<u>(17,977)</u>
CHANGE IN CASH AND EQUIVALENTS	(6,181)	2,367
CASH AND EQUIVALENTS, beginning of year	<u>98,615</u>	<u>96,248</u>
CASH AND EQUIVALENTS, end of year	<u><u>92,434</u></u>	<u><u>98,615</u></u>
REPRESENTED BY:		
Cash	82,434	88,615
Term deposits	<u>10,000</u>	<u>10,000</u>
	<u><u>92,434</u></u>	<u><u>98,615</u></u>

(See attached Auditor's Report)
(See accompanying Notes to Financial Statements)



OPERATION COME HOME

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The company is a not-for-profit organization dedicated to helping youth on the streets. Operation Come Home was incorporated under the Laws of Canada without share capital by letters patent on September 26, 1985. The organization is a registered charity, exempt from income taxes and may issue charitable donation receipts to its donors. The organization's mandate is to:

- establish and help maintain communications between parents and children who no longer reside with their parents because of parent-child conflict,
- assist in the reconciliation of the conflict, and
- establish support, counselling and evaluation services to assist in the maintenance of parent-child relationships

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

b) Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

c) 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 amount to be received can be reasonably estimated and collection is reasonably assured.

(See attached Auditor's Report)



OPERATION COME HOME

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Contributed materials and services

Contributed materials and services which are used in the normal course of operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution if fair value can be reasonably estimated.

e) Temporary investments

Temporary investments are accounted for at the lower of cost and market value.

f) Investments

Investments in shares are accounted for at cost.

g) Property, plant and equipment

Property, plant and equipment are accounted for at cost. Amortization is based on their estimated useful life using the following methods and rates.

<u>Asset</u>	<u>Method</u>	<u>Rate</u>
Computer hardware	Declining balance	30%
Furniture and equipment	Declining balance	20%
Security system	Declining balance	20%
Software	Declining balance	30%
Vehicle	Declining balance	30%

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2010	Net Book Value 2009
	\$	\$	\$	\$
Computer hardware	64,343	44,836	19,507	11,805
Furniture and equipment	57,550	40,636	16,914	14,647
Security system	2,000	1,078	922	1,152
Software	15,370	11,139	4,231	349
Vehicle	8,600	3,483	5,117	7,310
	<u>147,863</u>	<u>101,172</u>	<u>46,691</u>	<u>35,263</u>

(See attached Auditor's Report)



OPERATION COME HOME
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

4. SHORT-TERM INVESTMENT

The short-term investment consists of a GIC held by CIBC maturing July 2011 with interest at a rate of 0.2% per annum. The GIC is held as security for overdraft protection on the organization's operating account.

5. PREPAID EXPENSES

In 2010 the prepaid expenses consisted of prepaid rent on the 179 Murray Street location and a deposit on the new location at 150 Gloucester Street. Also included are pre-payments for the rental of gym space from the City of Ottawa as part of the Health Matters program.

6. INVESTMENTS

The organization has invested \$15,517 in mutual funds held by CIBC Investor Services. The market value of the investment as at December 31, 2010 is \$13,239 (2009 - \$12,865).

7. CONTRACTUAL OBLIGATIONS

The organization has terminated their lease on the 179 Murray Street location. The remaining lease payments in 2011 will total \$25,000.

The organization has signed a lease on a building located at 150 Gloucester Street. This lease commences on May 1, 2011 and expires on April 30, 2016. Future minimum lease payments will total \$688,333 and include the following payments over the next 5 years: 2011, \$86,667; 2012, \$130,000; 2013, \$130,000; 2014, \$137,500; 2015, \$151,667.

8. COMPARATIVE FIGURES FOR THE PRIOR YEAR

Certain figures for 2009 have been reclassified to make their presentation identical to that adopted in 2010.

(See attached Auditor's Report)



OPERATION COME HOME
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

9. FINANCIAL INSTRUMENTS

Credit and currency risk

The company is not subject to material amounts of credit or currency risk.

Interest rate risk

The company is not subject to material amounts of interest rate risk.

Fair value

The fair value of cash, temporary investments, accounts receivable and accounts payable is approximately equal to their carrying value due to their short-term maturity date.

10. ACCOUNTS RECEIVABLE

	2010	2009
	\$	\$
HST receivable	9,908	5,161
Reimbursement of legal fees	4,282	0
Accrued interest receivable	<u>10</u>	<u>8</u>
Total	<u><u>14,200</u></u>	<u><u>5,169</u></u>

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
	\$	\$
Trade payables	20,891	331
Accrued liabilities	<u>5,000</u>	<u>2,800</u>
Total	<u><u>25,891</u></u>	<u><u>3,131</u></u>

12. CONTINGENCIES

During the year, an individual instituted proceedings against the organization for damages allegedly incurred. The organization has contested this claim. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

(See attached Auditor's Report)

