

THRIVE, CYN ST. JOHN'S, INC.

Financial Statements

Year Ended March 31, 2020

THRIVE, CYN ST. JOHN'S, INC.
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Year Ended March 31, 2020

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Independent Auditor's Report

To the Board of Thrive, CYN St. John's, INC.:

Qualified Opinion

We have audited the financial statements of Thrive, CYN St. John's, INC. (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2020, current assets and net assets as at March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements of the Organization for the year ended March 31, 2019 were audited by Winsor Coombs Chartered Professional Accountants of Mount Pearl, Newfoundland and Labrador, Canada, prior to its merger with MNP LLP. Winsor Coombs Chartered Professional Accountants expressed a qualified opinion on those statements on June 24, 2019 for the reasons described in the Basis for Qualified opinion paragraph.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mount Pearl, Newfoundland

June 18, 2020

MNP LLP

Chartered Professional Accountants

THRIVE, CYN ST. JOHN'S, INC.
Statement of Revenues and Expenses
Year Ended March 31, 2020

	2020	2019
PROGRAM REVENUES		
Program and project revenue <i>(Note 5)</i>	\$ 1,163,707	\$ 1,100,977
PROGRAM EXPENSES		
Blue Door Program	454,461	441,049
Street Reach	410,229	326,414
Learning Initiative	206,347	191,244
CASEY	60,444	12,593
Youth Development	8,132	81,976
Other	-	48,265
	1,139,613	1,101,541
DEFICIENCY OF REVENUES OVER PROGRAM EXPENSES	24,094	(564)
ADMINISTRATIVE REVENUES		
Core funding - Office of Public Engagement	229,645	229,645
Donations	39,520	67,726
Fundraising revenue	28,594	2,011
Registration fees and other income	20,976	7,826
Service Canada	3,055	2,986
Loan forgiveness	1,429	-
	323,219	310,194
ADMINISTRATIVE EXPENSES		
Amortization	22,670	6,284
Evaluation	1,375	1,811
Insurance	4,333	4,285
Interest and bank charges	1,895	1,842
Interest on long term debt	4,191	-
Meetings and conferences	584	1,486
Occupancy costs	26,498	29,785
Office	16,419	13,906
Printing, promotions and postage	3,478	3,306
Professional development	299	342
Professional fees	3,225	6,838
Moving costs	7,626	-
Salaries and wages	212,771	211,126
Telephone and internet	2,526	1,862
Travel	410	715
Website development	1,011	261
	309,311	283,849
EXCESS OF PROGRAM REVENUES OVER EXPENSES	\$ 38,002	\$ 25,781

See notes to financial statements

THRIVE, CYN ST. JOHN'S, INC.
Statement of Changes in Net Assets
Year Ended March 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 287,403	\$ 261,622
EXCESS OF REVENUES OVER EXPENSES	38,002	25,781
NET ASSETS - END OF YEAR	\$ 325,405	\$ 287,403

THRIVE, CYN ST. JOHN'S, INC.
Statement of Financial Position
March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 250,516	\$ 63,503
Short-term investment (Note 3)	73,389	72,398
Accounts receivable	67,368	253,262
Harmonized sales tax recoverable	43,475	8,449
Prepaid expenses	8,182	7,903
	442,930	405,515
CAPITAL ASSETS (Note 4)	241,124	25,137
	\$ 684,054	\$ 430,652
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 55,555	\$ 27,056
Current portion of long term debt (Note 9)	33,000	-
Employee deductions payable	12,237	31,240
Deferred income	170,107	84,953
	270,899	143,249
LONG TERM DEBT (Note 9)	87,750	-
	358,649	143,249
NET ASSETS	325,405	287,403
	\$ 684,054	\$ 430,652

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

THRIVE, CYN ST. JOHN'S, INC.**Statement of Cash Flows****Year Ended March 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 38,002	\$ 25,781
Item not affecting cash:		
Amortization of capital assets	22,670	6,284
	60,672	32,065
Changes in non-cash working capital:		
Accounts receivable	185,894	(189,655)
Accounts payable	28,500	1,878
Deferred income	85,154	18,779
Prepaid expenses	(279)	851
Harmonized sales tax payable	(35,026)	2,081
Employee deductions payable	(19,003)	(3,830)
	245,240	(169,896)
Cash flow from (used by) operating activities	305,912	(137,831)
INVESTING ACTIVITIES		
Purchase of capital assets	(238,658)	-
Redemption (purchase) of long term investments	-	50,000
Cash flow from (used by) investing activities	(238,658)	50,000
FINANCING ACTIVITIES		
Proceeds from long term debt	165,000	-
Repayment of long term debt	(44,250)	-
Cash flow from financing activities	120,750	-
INCREASE (DECREASE) IN CASH FLOW	188,004	(87,831)
Cash - beginning of year	135,901	223,732
CASH - END OF YEAR	\$ 323,905	\$ 135,901
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 991	\$ 852
Interest paid	\$ 6,086	\$ 1,842
CASH CONSISTS OF:		
Cash	\$ 250,516	\$ 63,503
Short-term investment	73,389	72,398
	\$ 323,905	\$ 135,901

See notes to financial statements

THRIVE, CYN ST. JOHN'S, INC.

Notes to Financial Statements

Year Ended March 31, 2020

1. NATURE OF OPERATIONS

Thrive, CYN St. John's Inc. was incorporated on August 22, 2001. Its mandate is to increase the opportunity for youth to avail of the supports they need to mature into healthy, educated, employable members of their community by identifying solutions to the barriers they face while trying to access learning, employment, community building and other support services.

The Organization is a charitable organization and, as such, is exempt from income tax under Section 149.1 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Investments

Short term investments, which consist primarily of GICs with original maturities at date of purchase beyond three months and less than twelve months, are carried at amortized cost.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property, plant and equipment;
- the estimated useful lives of assets;

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Equipment	20%	declining balance method
Leasehold improvements	7 years	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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THRIVE, CYN ST. JOHN'S, INC.**Notes to Financial Statements****Year Ended March 31, 2020****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Revenue recognition*

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

3. SHORT TERM INVESTMENTS

Short term investments consist of a cashable GIC of \$21,293 with a maturity date of January 10, 2021 and a GIC of \$51,359 with a maturity of May 31, 2020 at March 31, 2020, plus accrued interest. The interest rate was 1.65% and 0.65% respectively.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Equipment	\$ 87,486	\$ 48,624	\$ 38,862	\$ 25,137
Leasehold improvements	217,821	15,559	202,262	-
	\$ 305,307	\$ 64,183	\$ 241,124	\$ 25,137

5. PROGRAM AND PROJECT REVENUE

Program and project revenue has been provided from the following funders:

	2020	2019
Crime Prevention Action Fund	\$ 462,003	\$ 453,805
Newfoundland and Labrador Housing	184,851	184,851
Eastern Health	146,400	150,000
Advanced Education, Skills and Labour Employment and Training Division	118,418	112,619
Other program revenue	96,212	109,125
Office for the Status of Women	42,615	-
Department of Health and Community Services	38,000	19,786
Donations	30,176	36,741
City of St. John's	30,000	15,000
Service Canada	6,110	5,972
Department of Education	6,000	6,000
Children, Seniors and Social Development	2,922	7,078
	\$ 1,163,707	\$ 1,100,977

THRIVE, CYN ST. JOHN'S, INC.**Notes to Financial Statements****Year Ended March 31, 2020****6. LEASE COMMITMENTS**

The Organization leases premises under one term lease.

The Organization has a lease with respect to its office space at 803 Water Street. The lease term is from August 1, 2019 ending on July 31, 2026. Future minimum lease payments are as follows:

2021	\$	117,842
2022		117,842
2023		117,842
2024		117,842
2025		117,842
Thereafter		<u>157,122</u>
	\$	<u>746,332</u>

7. FORGIVABLE LOANS FROM NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

	2020	2019
Beginning balance	\$ 20,000	\$ -
Forgiven during the year	<u>(2,000)</u>	-
	<u>\$ 18,000</u>	\$ -

In order for principal and interest payments to continue to be forgiven, the Organization must maintain its status as a not-for-profit organization, pay any applicable taxes and must obtain NLHC's consent prior to the sale of the property. Management believes they are in compliance with these conditions as at March 31, 2020. The loan is forgiven at a rate of \$333 a month for 60 months.

8. ALLOCATION OF EXPENSES

All expenditures related to program coordination and delivery are presented as program expenses. Expenses related to organizational administration including expenses such as office, salaries, IT, fund development and insurance are presented as administrative expenses.

9. LONG TERM DEBT

	2020	2019
Royal Bank of Canada loan bearing interest at 4.42% per annum, repayable in monthly payments of \$2,750. The loan matures on July 1, 2026 and is secured by first ranking interest in all property of the borrower which has a value of \$241,125.	\$ 120,750	\$ -
Amounts payable within one year	<u>(33,000)</u>	-
	<u>\$ 87,750</u>	\$ -

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THRIVE, CYN ST. JOHN'S, INC.
Notes to Financial Statements
Year Ended March 31, 2020

9. LONG TERM DEBT (continued)

Principal repayment terms are approximately:

2021	\$	33,000
2022		33,000
2023		33,000
2024		<u>21,750</u>
	\$	<u>120,750</u>

10. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from funders. An allowance for doubtful accounts is established based specific account identification. The Organization has a significant number of different sources of funding which minimizes concentration of credit risk.

It is management's opinion that the Organization is not exposed to significant other risks arising from financial instruments.