

THRIVE, CYN ST. JOHN'S, INC.

Financial Statements

Year Ended March 31, 2021

THRIVE, CYN ST. JOHN'S, INC.
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Year Ended March 31, 2021

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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, 2021, 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, 2021, 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, 2021, current assets and net assets as at March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 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.

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 and Labrador

June 15, 2021

MNP LLP

Chartered Professional Accountants

THRIVE, CYN ST. JOHN'S, INC.
Statement of Revenues and Expenses
Year Ended March 31, 2021

	2021	2020
PROGRAM REVENUES		
Program and project revenue (Note 5)	\$ 1,377,853	\$ 1,163,707
PROGRAM EXPENSES		
Blue Door	478,600	463,969
Street Reach	429,177	417,116
Learning Initiative	291,779	205,095
Other	73,794	5,799
Coalition Against the Sexual Exploitation of Youth	72,753	59,776
End Homelessness St. John's Covid-19 Funding	6,141	-
Youth Development	-	6,050
	1,352,244	1,157,805
EXCESS OF PROGRAM REVENUE OVER PROGRAM EXPENSES	25,609	5,902
ADMINISTRATIVE REVENUES		
Core funding - Office of Public Engagement	229,645	229,645
Donations	195,407	39,520
Registration fees and other income	26,391	20,976
Loan forgiveness	3,600	1,429
Fundraising revenue	200	28,594
Service Canada	-	3,055
	455,243	323,219
ADMINISTRATIVE EXPENSES		
Salaries and wages	207,028	213,249
Amortization	40,616	22,670
Office	9,622	16,429
Professional fees	4,186	3,225
Insurance	2,943	4,333
Telephone and internet	2,598	2,526
Printing, promotions and postage	2,528	3,478
Interest on long term debt	2,768	4,191
Interest and bank charges	1,479	1,885
Evaluation	1,290	1,375
Professional development	1,125	299
Website development	684	1,011
Travel	232	410
Memberships	199	-
Meetings and conferences	150	584
Occupancy costs	-	26,498
Moving costs	-	7,626
	277,448	309,789
EXCESS OF REVENUES OVER EXPENSES	\$ 203,404	\$ 19,332

See notes to financial statements

THRIVE, CYN ST. JOHN'S, INC.
Statement of Changes in Net Assets
Year Ended March 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR		
As previously reported	\$ 255,135	\$ 287,403
Prior period adjustments <i>(Note 8)</i>	(18,670)	(70,270)
As restated	236,465	217,133
EXCESS OF REVENUES OVER EXPENSES	203,404	19,332
NET ASSETS - END OF YEAR	\$ 439,869	\$ 236,465

THRIVE, CYN ST. JOHN'S, INC.
Statement of Financial Position
March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 640,050	\$ 250,516
Short-term investment (Note 3)	74,525	73,389
Accounts receivable	19,557	67,368
Harmonized sales tax recoverable	13,321	43,475
Prepaid expenses	7,621	8,182
	755,074	442,930
CAPITAL ASSETS (Note 4)	218,568	241,124
	\$ 973,642	\$ 684,054
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 176,555	\$ 144,495
Current portion of long term debt (Note 11)	33,000	33,000
Employee deductions payable	27,823	12,237
Deferred revenue (Note 9)	241,016	170,107
	478,394	359,839
LONG TERM DEBT (Note 11)	55,379	87,750
	533,773	447,589
NET ASSETS	439,869	236,465
	\$ 973,642	\$ 684,054

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, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 203,404	\$ 19,332
Item not affecting cash:		
Amortization of capital assets	40,616	22,670
	244,020	42,002
Changes in non-cash working capital:		
Accounts receivable	47,811	185,894
Accounts payable	32,058	47,176
Deferred revenue	70,909	85,154
Prepaid expenses	561	(279)
Harmonized sales tax recoverable	30,154	(35,026)
Employee deductions payable	15,586	(19,003)
	197,079	263,916
Cash flow from operating activities	441,099	305,918
INVESTING ACTIVITY		
Purchase of capital assets	(18,058)	(238,658)
FINANCING ACTIVITIES		
Proceeds from long term debt	-	165,000
Repayment of long term debt	(32,371)	(44,250)
Cash flow from (used by) financing activities	(32,371)	120,750
INCREASE IN CASH FLOW	390,670	188,010
Cash - beginning of year	323,905	135,895
CASH - END OF YEAR	\$ 714,575	\$ 323,905
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 1,135	\$ 991
Interest paid	\$ 6,196	\$ 6,076
CASH CONSISTS OF:		
Cash	\$ 640,050	\$ 250,516
Short-term investment	74,525	73,389
	\$ 714,575	\$ 323,905

See notes to financial statements

THRIVE, CYN ST. JOHN'S, INC.

Notes to Financial Statements

Year Ended March 31, 2021

1. PURPOSE OF THE ORGANIZATION

Thrive, CYN St. John's, INC. (the "Organization") is a not-for-profit organization incorporated provincially under the Corporations Act of Newfoundland and Labrador. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization 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 the community by identifying solutions to the barriers they face while trying to access learning, employment, community building and other support services.

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).

Cash and cash equivalents

Cash includes cash held in bank accounts adjusted for outstanding items.

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 capital assets;
- allowance for doubtful accounts.

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THRIVE, CYN ST. JOHN'S, INC.

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Government grants intended for the purchase of capital items are deferred and recognized over the course of the useful life of the assets.

Government grants for expenses are recognized in the period the expense is incurred.

3. SHORT TERM INVESTMENTS

Short term investments consist of a cashable GIC of \$21,432 with a maturity date of January 10, 2023 and a GIC of \$52,207 with a maturity of May 31, 2021 as at March 31, 2021, plus accrued interest. The interest rate was 1.65% and 0.7% respectively.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Equipment	\$ 102,741	\$ 57,922	\$ 44,819	\$ 38,862
Leasehold improvements	220,625	46,876	173,749	202,262
	\$ 323,366	\$ 104,798	\$ 218,568	\$ 241,124

THRIVE, CYN ST. JOHN'S, INC.
Notes to Financial Statements
Year Ended March 31, 2021

5. PROGRAM AND PROJECT REVENUE

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

	2021	2020
Crime Prevention Action Fund	\$ 460,403	\$ 462,003
Eastern Health	150,000	150,000
Newfoundland and Labrador Housing	184,851	184,851
Donations	127,696	30,176
Advanced Education, Skills and Labour Employment and Training Division	117,963	118,418
Other program revenue	80,945	96,212
Office for the Status of Women	74,410	42,615
End Homelessness Covid Funding	6,141	-
Department of Education	6,000	6,000
Department of Health and Community Services	143,864	38,000
City of St. John's	30,000	30,000
Service Canada	11,180	6,110
Children, Seniors and Social Development	-	2,922
Less: admin revenue reallocation	(15,600)	(3,600)
	\$ 1,377,853	\$ 1,163,707

6. LEASE COMMITMENTS

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:

2022	\$ 117,842
2023	117,842
2024	117,842
2025	117,842
2026	117,842
Thereafter	39,281
	<u>\$ 628,491</u>

7. FORGIVABLE LOANS FROM NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

	2021	2020
Beginning balance	\$ 18,000	\$ 20,000
Forgiven during the year	(3,996)	(2,000)
	\$ 14,004	\$ 18,000

This forgivable loan was recorded in revenue in a prior year. 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, 2021. The loan is forgiven at a rate of \$333 a month for 60 months. The above balance of \$14,004 is the balance of the unforgiven loan at the year end and as such is a contingent liability.

THRIVE, CYN ST. JOHN'S, INC.**Notes to Financial Statements****Year Ended March 31, 2021****8. PRIOR PERIOD ADJUSTMENT**

A paid leave accrual of \$70,270 was understated in the 2019 year. This error was corrected retrospectively. An adjustment of \$70,270 was made to accounts payable in 2020 and the opening equity for 2020 was adjusted for the same amount.

An additional paid leave accrual of \$18,670 should have been recorded in 2020. To correct the error retrospectively, an adjustment of \$18,670 was made to accounts payable. Wage expense was restated in the prior period by \$18,670 as well.

In all, these adjustments resulted in a change to closing net assets by \$88,940 in 2020.

	Previously Reported	Adjustment	2020
<u>Statement of Financial Position</u>			
Accounts Payable	\$ (55,555)	\$ (88,940)	\$ (144,495)
Retained Earnings/ Net Assets	(325,405)	88,940	(236,465)
	\$ (380,960)	\$ -	\$ (380,960)

9. DEFERRED REVENUE

	2021	2020
Opening	\$ 170,107	\$ 84,593
Transferred to revenue	(102,878)	(67,790)
Additions in current year	173,787	153,304
	\$ 241,016	\$ 170,107

The organization receives restricted funding from a variety of sources. Until this funding is spent for the intended purpose it is recorded as deferred revenue.

10. 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.

11. LONG TERM DEBT

	2021	2020
Royal Bank of Canada loan bearing interest at 1.25% per annum, repayable in monthly payments of \$2,814 plus interest. The loan matures on August 31, 2021 and is secured by first ranking interest in all property of the borrower which has a net book value of \$218,568.	\$ 88,379	\$ 120,750
Amounts payable within one year	(33,000)	(33,000)
	\$ 55,379	\$ 87,750

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THRIVE, CYN ST. JOHN'S, INC.

Notes to Financial Statements

Year Ended March 31, 2021

11. LONG TERM DEBT (continued)

Principal repayment terms are approximately:

2022	\$	33,000
2023		33,000
2024		22,379
		<hr/>
	\$	<u>88,379</u>

12. 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, 2021.

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 on 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.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

14. OTHER MATTER

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. The Organization has received additional donations to support the Organization during COVID-19. While the future is uncertain, the Organization has taken the necessary steps to mitigate risks by applying for additional funding and seeking donations.