

Nexus Youth Services

Financial Statements

March 31, 2019



Independent auditor's report

To the Members of Nexus Youth Services

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of Nexus Youth Services (the Organization) as at March 31, 2019 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.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.

PricewaterhouseCoopers LLP

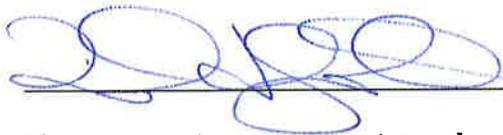
Chartered Professional Accountants, Licensed Public Accountants

Concord, Ontario
June 7, 2019

Nexus Youth Services
Statement of Financial Position
As at March 31, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash	203,751	225,235
Accounts receivable	-	95
Due from Peel Children's Centre (note 3)	53,941	13,410
HST/GST recoverable	4,429	3,797
	262,121	242,537
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	16,294	12,036
Due to Peel Children's Centre (note 3)	-	-
Deferred revenue grants (note 4)	99,480	101,547
	115,774	113,583
Net Assets		
Internally restricted	146,347	128,954
	262,121	242,537
Commitments (note 6)		

Approved by the Board of Directors



Director



Director

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

Nexus Youth Services

Statement of Operations

For the year ended March 31, 2019

	2019 \$	2018 \$
Revenue		
United Way	328,608	328,608
Ministry of Children and Youth Services (note 9)	60,058	229,508
Region of Peel	102,581	88,990
City of Mississauga	40,115	40,115
Fundraising and donations	22,438	57,695
Ministry of Sports and Rec	53,861	49,951
Other income	4,177	9,979
	<hr/> 611,838	<hr/> 804,846
Operating costs		
Salaries and benefits (note 9)	-	431,782
Clinical services (notes 3 and 9)	420,992	154,870
Program and operating (notes 3 and 9)	75,170	85,673
Building occupancy (notes 3 and 9)	76,710	97,148
Purchased services (notes 3 and 9)	27,780	33,873
HST/GST recoveries	(6,207)	(5,570)
	<hr/> 594,445	<hr/> 797,776
Excess of revenue over operating costs for the year	<hr/> 17,393	<hr/> 7,070

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

Nexus Youth Services

Statement of Changes in Net Assets

For the year ended March 31, 2019

	2019		
	Unrestricted \$	Internally restricted \$	Total \$
Balance – Beginning of year	-	128,954	128,954
Transfer from internally restricted (note 5)	106,633	(106,633)	-
Excess of revenue over operating costs for the year	17,393	-	17,393
Transfer to internally restricted (note 5)	(124,026)	124,026	-
Balance – End of year	-	146,347	146,347

	2018		
	Unrestricted \$	Internally restricted \$	Total \$
Balance – Beginning of year	-	121,884	121,884
Transfer from internally restricted (note 5)	91,146	(91,146)	-
Excess of revenue over operating costs for the year	7,070	-	7,070
Transfer to internally restricted (note 5)	(98,216)	98,216	-
Balance – End of year	-	128,954	128,954

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

Nexus Youth Services

Statement of Cash Flows

For the year ended March 31, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over operating costs for the year	17,393	7,070
Net changes in working capital items		
Accounts receivable	95	(45)
Due to Peel Children's Centre	-	(26,204)
Due from Peel Children's Centre	(40,531)	(13,410)
HST/GST recoverable	(632)	284
Accounts payable and accrued liabilities	4,258	(13,951)
Deferred revenue grants	(2,067)	11,524
	<hr/>	<hr/>
Change in cash during the year	(21,484)	(34,732)
Cash – Beginning of year	<hr/> 225,235	<hr/> 259,967
Cash – End of year	<hr/> 203,751	<hr/> 225,235

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

Nexus Youth Services

Notes to Financial Statements

March 31, 2019

1 Nature of activities

Nexus Youth Services (the Organization) was incorporated on September 6, 1985 under the laws of the Province of Ontario as a non-share capital corporation. Its purpose is to provide counselling services and programs to youth in need, under contracts with the Ministry of Children and Youth Services (the Ministry).

The Organization is designated as a registered charity and accordingly is exempt from income tax and is entitled to issue official income tax receipts in respect of contributions.

2 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) applied within the framework of the accounting policies summarized below.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which includes donations from the United Way, fundraising and government grants from the Ministry, the Region of Peel and the City of Mississauga.

Operating grants are recorded as revenue in the period to which they relate. For grants approved and services provided, but for which funds were not received at the end of an accounting period, a receivable is accrued and recorded as revenue. Where a grant has been received and a portion of it relates to a future period or is provided for a specific use, it is deferred and recognized in the subsequent period or when 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.

Contributed services

The work of the Organization is supported by contributions of services. The Organization does not record the value of contributed services unless the fair value can be reasonably estimated and the services are normally purchased by the Organization and would be paid for if not contributed.

The value of the services contributed by volunteers is not reflected in these financial statements.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instrument at fair value.

Nexus Youth Services

Notes to Financial Statements

March 31, 2019

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized on a straight-line basis.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines whether there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of: (i) the present value of the expected cash flows; (ii) the amount that could be realized from selling the financial asset; or (iii) the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value. Impairments are recognized through the use of an allowance account, with a corresponding charge in the statement of operations.

It is management's opinion that the Organization is not exposed to significant market rate risk, interest rate risk, credit risk and foreign currency risk.

Liquidity risk

Liquidity risk is the risk the Organization will not be able to meet its financial obligations as they fall due. The Organization manages its liquidity risk by forecasting cash flows from operations and anticipating activities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

Internally restricted amounts

The internally restricted amounts have been restricted by a motion of the Board of Directors (the Board) to be used to fund future operations and other special projects. Use of this amount is at the discretion of the Board.

On an annual basis, the Board approves the use of the internally restricted amount to fund the operations up to a maximum amount based on the annual budget. Any amounts required in excess of this approved amount or for additional special projects are approved by the Board on an ad hoc basis.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and operating costs during the reporting period. Actual results could differ from those estimates.

Nexus Youth Services

Notes to Financial Statements

March 31, 2019

3 Related entity

The Organization has a relationship with Peel Children's Centre in that the Organizations have a common Board of Directors. The common Board of Directors was implemented when a decision was made by both Boards of Directors to enter into a strategic alliance that would result in administrative operating efficiencies. The Organization was incorporated in 1985 under the laws of the Province of Ontario as a non-share capital corporation. The Organization is designated as a registered charity and accordingly is exempt from income taxes and is entitled to issue official income tax receipts in respect of contributions.

As outlined below, Peel Children's Centre provided the following services and support to the Organization for which it was reimbursed. As at March 31, 2019, there was an amount of \$53,904 (2018 – \$13,410) due from Peel Children's Centre.

	2019 \$	2018 \$
Administrative and executive support	46,759	47,666
Building occupancy	27,483	46,813
Intake recoveries	14,277	23,350
	<hr/> 88,519	<hr/> 117,829

Clinical services have been allocated from Peel Children's Centre in the amount of \$420,992 (2018 – \$154,870).

In the statement of operations, administrative and executive support is recorded in program and operating costs whereas intake recoveries are recorded in purchased services.

These transactions were in the normal course of operations and have been recorded at the exchange amount, which is the amount agreed to by the related entities.

4 Deferred revenue grants

Changes in deferred revenue grants are as follows:

	2019 \$	2018 \$
Balance – Beginning of year	101,547	90,023
Less: Amounts recognized as revenue during the year	(156,442)	(138,941)
Add: Amounts received	154,375	150,465
	<hr/> 99,480	<hr/> 101,547

5 Transfers

The Organization's Board approved a transfer from internally restricted net assets to unrestricted net assets in the amount of \$106,633 (2018 – \$91,146) and a transfer from unrestricted net assets to internally restricted net assets in the amount of \$124,026 (2018 – \$98,216).

Nexus Youth Services

Notes to Financial Statements

March 31, 2019

6 Commitments

	\$
2019	35,500
2020	35,500
2021	<u>26,625</u>
	<u>97,625</u>

The above-stated amounts represent operating lease obligations currently in existence. As termination dates for various leases occur, it is anticipated the Organization will enter into new lease arrangements.

7 Pension plan

The Organization maintains a defined contribution pension plan for its employees.

During the year, the Organization made required contributions under this plan of \$nil (2018 – \$17,458).

8 Public sector salary disclosure

As required by the Public Sector Salary Disclosure Act, the Organization filed salary disclosure forms with the Ministry on March 4, 2019 (2018 – February 23, 2017).

9 Ministry of Children and Youth Services reporting basis

The Organization has a service contract/Child and Family Services Act (CFSA) approval with the Ministry. A reconciliation report summarizes, by service, all revenue and operating costs and identifies any resulting surplus or deficit that relates to the service contract/CFSA approval.

	2019 \$	2018 \$
Revenue		
Ministry of Children and Youth Services	<u>60,058</u>	<u>229,508</u>
Operating costs		
Salaries and benefits	-	145,840
Clinical services	49,867	54,165
Purchased services	3,664	15,063
Building occupancy	4,887	24,585
Program and operating	<u>1,640</u>	<u>10,660</u>
	<u>60,058</u>	<u>250,313</u>
Excess of operating costs over revenue for the year	<u>-</u>	<u>(20,805)</u>