



Financial statements

Nucleus Independent Living

March 31, 2020

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13

# Independent Auditor's Report

To the Members of  
Nucleus Independent Living

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## Opinion

We have audited the financial statements of Nucleus Independent Living (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Nucleus Independent Living as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## 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 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 opinion.

## Other matter

The financial statements of the Organization were audited by another auditor for the year ended March 31, 2019, who expressed an unmodified opinion on those statements on May 27, 2019.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Mississauga, Canada  
June 1, 2020

Chartered Professional Accountants  
Licensed Public Accountants

# Nucleus Independent Living Statement of Financial Position

March 31 2020 2019

## Assets

### Current

Cash	\$ 2,512,293	\$ 1,663,383
Accounts receivable	117,045	134,150
Prepaid expenses	<u>124,710</u>	<u>142,634</u>
	<b>2,754,048</b>	1,940,167

Capital assets (Note 3) 153,721 42,172

**\$ 2,907,769** **\$ 1,982,339**

## Liabilities

### Current

Accounts payable and accrued liabilities (Note 4)	\$ 2,668,673	\$ 1,854,232
Deferred contributions	<u>42,892</u>	<u>42,892</u>
	<b>2,711,565</b>	1,897,124

Deferred capital contributions 153,721 42,172

**2,865,286** **1,939,296**

## Net assets

Operating fund – unrestricted	40,232	40,315
McCallen Fund	<u>2,251</u>	<u>2,728</u>
	<b><u>42,483</u></b>	<b><u>43,043</u></b>

**\$ 2,907,769** **\$ 1,982,339**

Lease commitments (Note 8)  
Guarantees and indemnities (Note 9)

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to the financial statements.

# Nucleus Independent Living Statement of Operations

Year ended March 31

2020

2019

## Revenues

Mississauga Halton LHIN funding	\$ 16,323,762	\$ 15,283,823
Other contributions	111,753	134,470
Interest income	9,177	5,894
Donations	<u>-</u>	<u>180</u>
	<b><u>16,444,692</u></b>	<b><u>15,424,367</u></b>

## Expenses

Attendant, housekeeping and administrative wages	9,949,594	9,612,834
Purchased client services	3,199,173	2,498,338
Employee benefits (Note 7)	1,252,496	1,279,937
General and office	749,214	582,686
Occupancy costs	497,879	482,570
Travel associated with delivery of services	436,387	442,499
Telephone, postage and deliveries	149,695	240,653
Legal, audit and accounting	64,629	87,015
Depreciation	50,147	49,175
Human resources and contract employees	38,971	62,899
Meetings, workshops and conferences	35,250	55,366
Insurance	<u>21,817</u>	<u>21,624</u>
	<b><u>16,445,252</u></b>	<b><u>15,415,596</u></b>

(Deficiency) excess of revenues over expenses for the year	\$ <u>(560)</u>	\$ <u>8,771</u>
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See accompanying notes to the financial statements.

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## Nucleus Independent Living Statement of Changes in Net Assets

Year ended March 31, 2020

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	Operating Fund	McCallen Fund	<b>2020 Total</b>	2019 Total
Balance – at beginning of year	\$ 40,315	\$ 2,728	<b>\$ 43,043</b>	\$ 34,272
(Deficiency) of revenues over expenses for the year	(560)	-	<b>(560)</b>	8,771
Interfund transfers representing: Used to support consumer independent living activities	477	(477)	-	-
Balance – at end of year	<u>\$ 40,232</u>	<u>\$ 2,251</u>	<b><u>\$ 42,483</u></b>	<u>\$ 43,043</u>

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See accompanying notes to the financial statements.

# Nucleus Independent Living

## Statement of Cash Flows

Year ended March 31

2020

2019

Changes in cash

### Operating activities

(Deficiency) excess of revenues over expenses for the year	\$	(560)	\$	8,771
Items not affecting cash flow				
Depreciation		50,147		49,175
Amortization of deferred capital contributions		<u>(50,147)</u>		<u>(49,175)</u>
		(560)		8,771

Changes in operating working capital

Accounts receivable		17,105		9,415
Prepaid expenses		17,924		(72,803)
Accounts payable and accrued liabilities		<u>814,441</u>		<u>1,030,312</u>
		<u>848,910</u>		<u>975,695</u>

### Investing activities

Purchase of capital assets		<u>(161,696)</u>		-
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### Financing activities

Proceeds from deferred capital contributions		<u>161,696</u>		-
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Net increase in cash 848,910 975,695

Cash, beginning of year 1,663,383 687,688

Cash, end of year \$ 2,512,293 \$ 1,663,383

See accompanying notes to the financial statements.

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# Nucleus Independent Living

## Notes to the Financial Statements

March 31, 2020

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### 1. Nature of operations

Nucleus Independent Living (the “Organization”) enables adults who require assistance in their daily activities to live independently in their own homes.

The Organization provides 24 hour support services for persons with physical disabilities and seniors over 65 years of age. The first consumer moved into the Nucleus I premises in 1983. A second project, Nucleus II, commenced operations in February 1991. Attendant Outreach Program was started in 1999. It provides attendant services to people in their homes in Mississauga and Brampton. The Supports for Daily Living (SDL) Program was launched in January 2009 to provide mobile attendant services to seniors living in the Mississauga – Halton area. The In-Home Respite Care Program began in January 2010 which provides community support services to seniors living in the Mississauga Halton Local Health Integration Network (LHIN) area as an alternative to Long-Term Care home replacement.

The Organization is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario. It is also registered with Canada Revenue Agency as a charitable organization and, as such, is exempt from income taxes.

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### 2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by the Organization and applied in these financial statements are as follows:

#### **Net assets**

The Organization maintains two internally restricted net asset categories as follows:

#### *Operating fund*

The Operating Fund accounts for the day-to-day program delivery and administrative activities funded by Mississauga Halton LHIN and other contributors.

#### *McCallen Fund*

The McCallen fund is internally restricted to support customer independent living activities and any other such activities not funded with the Organization’s operating funds. The fund will only be utilized where all other funding opportunities have been exhausted.

During the year, with the approval of the Board of Directors, \$477 (2019 - \$10,000) was transferred to the Operating fund.

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# Nucleus Independent Living

## Notes to the financial statements

March 31, 2020

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### 2. Summary of significant accounting policies (continued)

#### Revenue recognition

The Organization follows the deferral method of accounting for contributions. Externally restricted contributions which include donations and contributions from Mississauga Halton LHIN 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.

Externally restricted contributions which include donations and contributions from the Mississauga Halton LHIN are recognized as revenue in the year in which the related expenses are incurred. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Donations are recognized as revenue when received.

Interest and other income is recognized as revenue when earned.

#### Mississauga Halton LHIN – Operating grant

Mississauga Halton LHIN provides financial support to the Organization on the basis of an approved operating budget for the year. These financial statements reflect approved funding arrangements with Mississauga Halton LHIN, together with estimated adjustments, if any, on year end settlement.

#### Contributed goods and services

Volunteers (including directors and officers of the Organization) contributed significant amounts of time to assist the Organization in carrying out its service delivery activities. The Organization also, from time to time, receives donations of goods. Because of the difficulty in determining their fair value, contributed goods and services are not recognized in the financial statements.

#### Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as property and equipment, otherwise, costs are expensed as incurred. The cost of capital assets comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided for, upon the commencement of the utilization of the assets, using methods and rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual depreciation is provided as follows, on a straight-line basis:

Office furniture and equipment	5 years
Computer equipment and software	3 years
Leasehold improvements	over the term of the lease

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# **Nucleus Independent Living**

## **Notes to the financial statements**

March 31, 2020

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### **2. Summary of significant accounting policies (continued)**

Capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable, if any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital asset to its fair value. Any impairment of capital assets is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

#### **Deferred capital contributions**

Externally restricted contributions for the acquisition of capital assets that will be depreciated or amortized are deferred and amortized over the life of the related capital assets. Externally restricted capital contributions that have not been expended are recorded as part of the deferred capital contributions on the statement of financial position.

#### **Use of estimates**

The preparation of financial statements, in conformity with ASNPO, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Significant estimates include useful lives of capital assets and valuation of other assets and liabilities. Actual results could differ from these estimates, the impact of which would be recorded in future affected periods.

#### **Financial instruments**

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Organization subsequently measures its financial assets and liabilities at amortized cost.

Financial assets and liabilities are measured at amortized cost included cash, accounts receivable and accounts payable.

# Nucleus Independent Living

## Notes to the financial statements

March 31, 2020

### 2. Summary of significant accounting policies (continued)

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write-down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment. The amount of the reversal is recognized in income in the period that the reversal occurs.

### 3. Capital assets

			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office furniture and equipment	\$ 297,725	\$ 235,188	\$ 62,537	\$ 25,678
Computer equipment and software	342,110	254,266	87,844	8,567
Leasehold improvements	<u>28,741</u>	<u>24,401</u>	<u>3,341</u>	<u>7,927</u>
	<u>\$ 668,576</u>	<u>\$ 514,855</u>	<u>\$ 153,721</u>	<u>\$ 42,172</u>

### 4. Accounts payable and accrued liabilities

	<u>2020</u>	<u>2019</u>
Trade payables and accrued liabilities	\$ 989,961	\$ 759,763
Due to Mississauga Halton LHIN	947,277	450,277
Employee payroll obligations	722,591	547,922
Government remittances payable	<u>8,844</u>	<u>96,270</u>
	<u>\$ 2,668,673</u>	<u>\$ 1,854,232</u>

# Nucleus Independent Living

## Notes to the financial statements

March 31, 2020

### 5. Deferred contributions

	Balance at March 31 <u>2019</u>	Funds Received in <u>2020</u>	Transferred to Revenue in <u>2020</u>	Balance at March 31, <u>2020</u>
Nukability Fund	\$ 17,892	\$ -	\$ -	\$ 17,892
Community Care Access Centre	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
	<u>\$ 42,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,892</u>

### 6. Deferred capital contributions

Deferred capital contributions represent the unamortized and unexpended amount of contributions received for the purchase of capital assets. The changes in deferred capital contributions are as follows:

	<u>2020</u>	<u>2019</u>
Balance – at beginning of year	\$ 42,172	\$ 91,347
Funds received for capital purchases	161,696	-
Amortization of deferred capital contributions	<u>(50,147)</u>	<u>(49,175)</u>
Balance – at end of year	<u>\$ 153,721</u>	<u>\$ 42,172</u>

Net assets invested in capital assets consist of the following:

	<u>2020</u>	<u>2019</u>
Capital assets	\$ 153,721	\$ 42,172
Deferred capital contributions	<u>(153,721)</u>	<u>(42,172)</u>
	<u>\$ -</u>	<u>\$ -</u>

### 7. Pension expense

The Organization contributes to a defined contribution pension plan which covers all employees, following the completion of 450 hours of service. Required contributions for the year are calculated at 2% of wages. These contributions are recorded as an expense in the Statement of Operations. Pension expense for the year was \$124,014 (2019 - \$119,720).

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# Nucleus Independent Living

## Notes to the financial statements

March 31, 2020

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### 8. Lease commitments

The Organization has operating lease commitments in respect of its office premises which expire in March 2026. The minimum annual lease payments for the next five years and thereafter are as follows:

2021	\$	272,248
2022		280,206
2023		275,380
2024		270,554
2025		270,554
Thereafter		<u>270,554</u>
	\$	<u>1,639,496</u>

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### 9. Guarantees and indemnities

The Organization has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually and reasonably incurred by them in connection with any actions, suite or proceeding, subject to certain restrictions in which they are sued as a result of their involvement with the Organization, if they acted honestly and in good faith with a view to the best interest of the Organization. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts and purchase contracts. In these agreements, the Organization agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Organization. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

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### 10. Economic dependence

Operations of the Organization depend to a large extent upon the funding that it receives from the Federal and Provincial Governments. Any significant reduction in this source would significantly curtail the Organization's ability to offer a complete range of programs.

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### 11. Financial instrument risks

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. There was no significant change in risk exposure from the prior year.

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# Nucleus Independent Living

## Notes to the financial statements

March 31, 2020

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### 11. Financial instrument risks (continued)

#### Credit risk

The Organization is subject to credit risk through receivables. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization's management does not expect any financial loss on the March 31, 2020 receivable balance.

#### Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with its financial liabilities as they become due. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and lease commitments. The Organization's management expects to meet these obligations as they become due from the operating grants it receives from Mississauga Halton LHIN and other funders.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The Organization is not exposed to significant market risk.

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### 12. COVID-19

Since January 1, 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time.

The Organization is considered an essential service as a health services organization and as such, continues to operate. The Organization has determined that these events have not had a significant financial impact on its ongoing operations. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences as well as their impact on the financial position and results of the Organization, if any, for future periods. In the meantime, management continues to manage the budget and provide continuing levels of operations and service.