
Financial statements of
Contact Hamilton for
Children's and Developmental
Services/Contact Hamilton pour les
Services à l'Enfance
et à l'Adaptation

March 31, 2019

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Independent Auditor's Report

To the Directors of
Contact Hamilton for Children's and Developmental Services/Contact
Hamilton pour les Services à l'Enfance et à l'Adaptation

Opinion

We have audited the accompanying financial statements of Contact Hamilton for Children's and Developmental Services/Contact Hamilton pour les Services à l'Enfance et à l'Adaptation (the "Organization"), which comprise the balance sheet as at March 31, 2019, and the statements of revenue and expenses and changes in fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of 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 the accounting policies prescribed by the Ministry of Children, Community and Social Services (the "Financial Reporting Framework").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organization to meet the accounting policies prescribed by the Ministry of Children, Community and Social Services. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the Financial Reporting Framework, 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.

The Board of Directors 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 GAAS 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 GAAS, 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 the Board of Directors 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
July 4, 2019

**Contact Hamilton for Children's and Developmental Services/Contact Hamilton
pour les Services à l'Enfance et à l'Adaptation**

Statement of revenue and expenses and changes in fund balance

Year ended March 31, 2019

	Notes	Ministry \$	Non-Ministry \$	2019 \$	2018 \$
Revenue					
Ministry grants	2	15,346,430	—	15,346,430	33,019,098
Other income		—	—	—	588
		15,346,430	—	15,346,430	33,019,686
Expenses					
Passport client expenses		9,430,683	—	9,430,683	27,529,898
Salaries and wages		3,023,957	—	3,023,957	2,867,365
Purchased client services		881,124	—	881,124	939,835
Employee benefits		620,868	—	620,868	567,044
Other services		305,912	—	305,912	88,482
Rent/lease/mortgage interest		263,618	—	263,618	259,230
Other supplies and equipment		194,197	—	194,197	160,718
IT - supplies and equipment		97,065	—	97,065	142,237
Professional/ contracted-out services		96,575	—	96,575	97,740
Advertising and promotion		77,702	2,971	80,673	27,666
Professional/ contracted-out IT services		66,185	—	66,185	70,867
Staff training		65,411	—	65,411	52,331
Communication		51,091	—	51,091	75,131
Travel		46,154	—	46,154	39,266
Services related to repairs and maintenance		18,894	—	18,894	7,576
Supplies, equipment related to repairs and maintenance		17,144	—	17,144	19,696
Insurance		13,952	—	13,952	13,544
Utilities		11,238	—	11,238	14,201
		15,281,770	2,971	15,284,741	32,972,827
Excess (deficiency) of revenue over expenses					
before funding repayable to the Ministry		64,660	(2,971)	61,689	46,859
Surplus funding repayable to the Ministry		(64,660)	—	(64,660)	(48,084)
Deficiency of revenue over expenses		—	(2,971)	(2,971)	(1,225)
Fund balance (deficit), beginning of the year		(1,212)	72,583	71,371	72,596
Fund balance (deficit), end of the year		(1,212)	69,612	68,400	71,371

The accompanying notes are an integral part of the financial statement.

**Contact Hamilton for Children’s and Developmental Services/Contact Hamilton
pour les Services à l’Enfance et à l’Adaptation**

Balance sheet

As at March 31, 2019

	Notes	2019	2018
		\$	\$
Assets			
Current assets			
Cash		88,104	2,043,931
Accounts receivable		436,617	2,579,826
Harmonized sales tax receivable		121,969	131,848
Prepaid expenses		9,669	8,490
		656,359	4,764,095
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		475,215	4,644,640
Surplus repayable to the Ministry	2	112,744	48,084
		587,959	4,692,724
Commitments	4		
Fund balances (deficits)			
Internally restricted		69,612	72,583
Externally restricted		(1,212)	(1,212)
		68,400	71,371
		656,359	4,764,095

The accompanying notes are an integral part of the financial statement.

Approved by the Board

_____, Director

_____, Director

**Contact Hamilton for Children's and Developmental Services/Contact Hamilton
pour les Services à l'Enfance et à l'Adaptation**

Statement of cash flows

Year ended March 31, 2019

	2019	2018
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(2,971)	(1,225)
Changes in non-cash working capital items		
Accounts receivable	2,143,209	(1,737,302)
Harmonized sales tax receivable	9,879	251
Prepaid expenses	(1,179)	(2,847)
Accounts payable and accrued liabilities	(4,169,425)	1,555,851
Surplus repayable to the Ministry	64,660	9,220
Net change in cash	(1,955,827)	(176,052)
Cash, beginning of year	2,043,931	2,219,983
Cash, end of year	88,104	2,043,931

The accompanying notes are an integral part of the financial statement.

Contact Hamilton for Children's and Developmental Services/Contact Hamilton pour les Services à l'Enfance et à l'Adaptation

Notes to the financial statements

March 31, 2019

1. Description of operations

The Organization is a not-for-profit organization incorporated by letters patent dated October 18, 1999. The Organization's mandate is to implement the Ministry of Children, Community and Social Services (the "Ministry" or "MCCSS") plan relating to "Making Services Work for People".

The Organization is registered as a not for profit organization and is exempt from tax under section 149 (1)(e) of the Income Tax Act.

The Organization and the Ministry entered into a service contract that will remain in force until superseded or replaced by a subsequent contract. Under the terms of this contract, the Organization is to have a March 31 year end in compliance with the Ministry's reporting and funding requirements.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the significant accounting policies set out by the Ministry funding agreement. The basis of accounting used in these financial statements is in accordance with Canadian accounting standards for not-for-profit organizations, except for:

- (a) Capital assets purchased are charged to operations in the year the expense is incurred;
- (b) Amortization is not provided on capital assets as they are expensed directly in the year acquired; and
- (c) Accruals are not provided for expenses relating to future funding agreement years.

MCCSS guidelines

Grants received from the MCCSS are provided to the Organization through an annual Funding Agreement allowing the Organization to provide mandated services to qualifying recipients. In the case of Children's Services, qualified service recipients are provided for Hamilton children. In the case of Adult Developmental Services, qualified services are provided in the Hamilton-Niagara region. The amount of grants received in fiscal 2019 amounted to \$15,346,430 (\$33,019,098 in 2018). The Funding Agreement with the MCCSS requires that Organization funding not spent in accordance with the terms of this Agreement must be returned to the MCCSS unless otherwise agreed to by the MCCSS in writing. Accordingly, any related excess of revenue over expenses would be recorded as a liability at year end. At current year end, there was \$64,660 excess of revenue over expenses (\$48,084 in 2018).

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in excess (deficiency) of revenue over expenses as interest income or expense.

**Contact Hamilton for Children's and Developmental Services/Contact Hamilton
pour les Services à l'Enfance et à l'Adaptation**

Notes to the financial statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in operations an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the period the reversal occurs.

Cash

Cash includes cash on hand and in the bank.

Revenue recognition

Ministry grants and other income are recognized as revenues when they have become contractually due, when the amount is fixed or determinable, and collection is reasonably assured.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations and in accordance with Ministry guidelines requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant financial statement areas which involve the use of estimates include accrued liabilities. Actual results could differ from these estimates.

3. Contracts with the MCCSS

The Organization is economically dependent on the MCCSS for assistance. Under the terms of the Funding Agreement, any funding not spent in accordance with the terms of this Agreement must be returned to the MCCSS unless otherwise agreed to by the MCCSS in writing.

One requirement of the agreement is the production by management of a Transfer Payment Annual Reconciliation (TPAR) which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the service contract.

The Fund Balance for the Ministry fund shows the position under these contracts as at March 31, 2019. The surplus/deficit presented on the financial statements will differ from the presentation in the TPAR due to specific instructions for TPAR preparation.

Effective August 1, 2018, the Passport Program claims reimbursement activities and responsibilities transitioned from the Organization to a third-party entity. The Organization continues to administer all aspects of the Passport Program, except for claims reimbursements. The transition of these activities did not have an adverse impact on the Organization's operations as claim reimbursements paid to clients were fully recovered through Ministry funding.

**Contact Hamilton for Children's and Developmental Services/Contact Hamilton
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Notes to the financial statements

March 31, 2019

4. Commitments

The Organization leases office space under operating leases that expire in June 2020. Future lease payments aggregate \$272,182 and include the following amounts over the next two years.

	<u> </u>	\$
2020	217,746	
2021	<u>54,436</u>	
	<u>272,182</u>	

5. Financial instruments

Unless otherwise noted, it is the Directors' opinion that the Organization is not exposed to significant interest rate or credit risks arising from its financial instruments.

Liquidity risk

The Organization's objective is to have sufficient liquidity to meet its liabilities when due. The Organization monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2019, the most significant financial liabilities are accounts payable and accrued liabilities and surplus repayable to the Ministry.

**Contact Hamilton for Children's and Developmental Services/Contact Hamilton
pour les Services à l'Enfance et à l'Adaptation**
Ministry of Children, Community and Social Services
Schedule of transfer payment annual reconciliation
Year ended March 31, 2019

	Allocated Central Admin \$	A511 Access Mechanism - Children's \$	A514 Children Nutrition Prog - Aboriginal \$	A352 CYMH Access Intake Service Planning \$	A354 CYMH Service Coordination Process \$	A505 Residential Placement Advisory Committee \$	A546 CSN - Community Enhancement \$	A600 Service Planning Coordinators \$	8882 Application Entity - Adult DS \$	9252 SCS - Children Serv. Coord. Case Mgmt. \$	9133 DS Coordination Processes \$	9,134 DS Passport Admin \$	9,134 DS Passport Program \$	9,137 DS Temporary Family Supports \$	Non- Ministry \$	Total 2019 \$	Total 2018 \$
Revenue																	
Ministry grants	—	66,148	90,000	528,515	51,350	18,688	70,000	364,200	2,369,830	140,000	183,600	1,095,465	9,429,629	939,005	—	15,346,430	33,019,098
Other income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	588
	—	66,148	90,000	528,515	51,350	18,688	70,000	364,200	2,369,830	140,000	183,600	1,095,465	9,429,629	939,005	—	15,346,430	33,019,686
Expenses																	
Passport client expenses	—	—	—	—	—	—	—	—	—	—	—	—	9,430,683	—	—	9,430,683	27,529,898
Salaries and wages	189,014	37,398	44,266	291,101	28,860	15,509	57,900	242,883	1,430,208	116,007	152,365	418,446	—	—	—	3,023,957	2,867,365
Purchased client services	—	—	—	696	—	—	—	2,352	1,329	—	—	485	—	876,262	—	881,124	939,835
Employee benefits	38,247	7,666	9,075	59,677	5,916	3,179	12,100	49,791	294,435	23,782	31,235	85,765	—	—	—	620,868	567,044
Other services	8,772	—	12,468	14,578	—	—	—	1,567	61,345	211	—	206,971	—	—	—	305,912	88,482
Rent/lease/mortgage interest	48,047	—	—	28,854	3,223	—	—	—	127,665	—	—	55,829	—	—	—	263,618	259,230
Other supplies and equipment	11,955	—	4,994	14,944	691	—	—	1,442	46,361	—	—	113,693	—	117	—	194,197	160,718
IT - supplies and equipment	1,163	—	—	24,487	—	—	—	7,788	32,773	—	—	30,854	—	—	—	97,065	142,237
Professional/ contracted-out services	39,127	5,440	—	10,104	—	—	—	—	27,144	—	—	14,760	—	—	—	96,575	97,740
Advertising and promotion	5,370	—	4,927	10,064	—	—	—	8,889	37,141	—	—	12,111	—	2,971	—	80,673	27,666
Professional contracted-out IT services	4,193	10,644	3,118	9,270	7,535	—	—	4,154	13,208	—	—	14,063	—	—	—	65,185	70,867
Staff training	16,924	—	1,328	9,135	—	—	—	8,105	16,863	—	—	13,056	—	—	—	65,411	52,331
Communication	2,044	—	1,639	2,948	—	—	—	3,139	30,807	—	—	10,514	—	—	—	51,091	75,131
Travel	1,100	—	185	1,115	—	—	—	4,891	35,571	—	—	3,292	—	—	—	46,154	39,266
Services related to repairs and maintenance	438	—	—	2,093	—	—	—	—	3,953	—	—	12,410	—	—	—	18,894	7,576
Supplies, equipment related to repairs and maintenance	3,707	—	—	2,376	—	—	—	—	3,915	—	—	7,146	—	—	—	17,144	19,696
Insurance	13,952	—	—	—	—	—	—	—	—	—	—	—	—	—	—	13,952	13,544
Utilities	1,215	—	—	2,392	—	—	—	—	4,161	—	—	3,470	—	—	—	11,238	14,201
	385,268	61,148	82,000	483,834	46,225	18,688	70,000	334,201	2,166,879	140,000	183,600	1,002,865	9,430,683	876,379	2,971	15,284,741	32,972,827
Allocated central administration	(385,268)	5,000	8,000	44,681	5,125	—	—	29,999	199,863	—	—	92,600	—	—	—	—	—
	—	66,148	90,000	528,515	51,350	18,688	70,000	364,200	2,366,742	140,000	183,600	1,095,465	9,430,683	876,379	2,971	15,284,741	32,972,827
Excess (deficiency) of revenue over expenses before funding repayable to the Ministry	—	—	—	—	—	—	—	—	3,088	—	—	—	(1,054)	62,626	(2,971)	61,689	46,859