
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, 2021

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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 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, 2021, 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 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 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. 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 in complying with 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.

Other Matter

The financial statements of the Organization for the year ended March 31, 2020 were audited by another firm of chartered professional accountants who expressed an unmodified opinion on August 4, 2020.

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

Management is responsible for the preparation and fair presentation 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.

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 consolidated 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.

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.

Burlington, Ontario

July 6, 2021

MNP LLP

**Chartered Professional Accountants
Licensed Public Accountants**

**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, 2021

	Notes	Ministry \$	Non-Ministry \$	2021 \$	2020 \$
Revenue					
Ministry grants	2	5,543,080	—	5,543,080	5,456,987
Other income		5,100	—	5,100	1,328
		5,548,180	—	5,548,180	5,458,315
Expenses					
Salaries and wages		3,320,174	—	3,320,174	3,201,374
Purchased client services		512,966	—	512,966	326,340
Employee benefits		662,170	—	662,170	664,837
Other services		59,309	—	59,309	136,508
Rent/lease/mortgage interest		270,768	—	270,768	259,361
COVID-19 expenses		31,848	—	31,848	11,701
Other supplies and equipment		60,668	—	60,668	96,801
IT - supplies and equipment		115,879	—	115,879	79,543
Professional/ contracted-out services		93,872	—	93,872	110,450
Advertising and promotion		7,217	848	8,065	32,401
Professional/contracted-out IT services		120,908	—	120,908	55,125
Staff training		45,089	—	45,089	27,961
Communication		93,629	—	93,629	53,741
Travel		2	—	2	36,556
Services related to repairs and maintenance		746	—	746	3,313
Supplies, equipment related to repairs and maintenance		4,693	—	4,693	25,183
Insurance		15,636	—	15,636	18,690
Utilities		5,202	—	5,202	13,787
		5,420,777	848	5,421,625	5,153,672
Excess of revenue over expenses					
before funding repayable to the Ministry		127,403	(848)	126,555	304,643
Surplus funding repayable to the Ministry		(127,403)	—	(127,403)	(305,404)
Deficiency of revenue over expenses		—	(848)	(848)	(761)
Fund balance (deficit), beginning of the year		(1,212)	68,851	67,639	68,400
Fund balance (deficit), end of the year		(1,212)	68,003	66,791	67,639

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, 2021

	2021	2020
	\$	\$
Assets		
Current assets		
Cash	758,200	824,245
Harmonized sales tax receivable	45,921	75,762
Prepaid expenses	10,239	6,515
	<u>814,360</u>	<u>906,522</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	314,577	468,633
Surplus repayable to the Ministry	432,992	370,250
	<u>747,569</u>	<u>838,883</u>
Commitments		
Fund balances (deficits)		
Internally restricted	68,003	68,851
Externally restricted	(1,212)	(1,212)
	<u>66,791</u>	<u>67,639</u>
	<u>814,360</u>	<u>906,522</u>

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, 2021

	2021	2020
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(848)	(761)
Changes in non-cash working capital items		
Accounts receivable	—	436,617
Harmonized sales tax receivable	29,841	46,207
Prepaid expenses	(3,724)	3,154
Accounts payable and accrued liabilities	(154,056)	(6,582)
Surplus repayable to the Ministry	62,742	257,506
Net change in cash	(66,045)	736,141
Cash, beginning of year	824,245	88,104
Cash, end of year	758,200	824,245

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, 2021

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 2021 amounted to \$5,543,080 (\$5,456,987 in 2020). 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 \$127,403 excess of revenue over expenses (\$305,404 in 2020).

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, 2021

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, 2021. 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
pour les Services à l’Enfance et à l’Adaptation**

Notes to the financial statements

March 31, 2021

4. Commitments

The Organization leases office space under operating leases that expire in June 2025. Future lease payments aggregate \$937,094, and include the following amounts over the next four years.

	\$
2022	231,308
2023	231,308
2024	236,391
2025	<u>238,087</u>
	<u>937,094</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, 2021, the most significant financial liabilities are accounts payable and accrued liabilities and surplus repayable to the Ministry.

6. COVID-19

On March 11, 2021, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus.

The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Organization in future periods.

**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 and Ministry of Health and Long-term care
Schedule of transfer payment annual reconciliation

Year ended March 31, 2021

	Allocated Central Admin \$	MOHTLC Child and Youth Mental Health \$	Application Entity - Adult DS \$	F706 DS Coordination Processes \$	F707 DS Passport Admin \$	F710 DS Temporary Supports \$	F264 Access Mechanism- Childrens \$	F261 FASD \$	E750 Placement Advisory Committee \$	CSN Community Enhancement \$	Service Planning Coordinators \$	F715 Children Serv. Coord. Case Mgmt. \$	Non- Ministry \$	Total 2021 \$	Total 2020 \$
Revenue															
Ministry grants	—	620,965	2,347,117	183,600	975,462	621,900	66,148	#####	18,688	70,000	364,200	140,000	—	5,543,080	5,456,987
Other income	—	5,100	—	—	—	—	—	—	—	—	—	—	—	5,100	1,328
	—	626,065	2,347,117	183,600	975,462	621,900	66,148	#####	18,688	70,000	364,200	140,000	—	5,548,180	5,458,315
Expenses															
Salaries and wages	183,731	344,235	1,481,568	164,155	548,233	—	43,800	#####	15,509	57,900	250,352	121,155	—	3,320,174	3,201,374
Purchased client services	—	522	1,763	—	—	508,435	—	—	—	—	2,246	—	—	512,966	326,340
Employee benefits	35,427	72,548	290,740	19,203	125,276	—	8,757	22,377	3,179	12,100	53,915	18,648	—	662,170	664,837
Other services	4,447	31,630	1,962	242	18,783	—	—	155	—	—	1,893	197	—	59,309	136,508
Rent/lease/mortgage interest	44,657	43,580	118,739	—	54,129	—	—	—	—	—	9,663	—	—	270,768	259,361
COVID-19 expenses	3,110	9,212	12,845	—	6,411	—	270	—	—	—	—	—	—	31,848	11,701
Other supplies and equipment	12,363	4,675	18,071	—	21,029	—	4,612	—	—	—	(82)	—	—	60,668	96,801
IT - supplies and equipment	25,031	24,435	30,674	—	22,034	—	1,786	5,000	—	—	6,919	—	—	115,879	79,543
Professional/ contracted-out services	59,130	4,833	5,878	—	21,723	—	—	624	—	—	1,684	—	—	93,872	110,450
Advertising and promotion	7,950	305	3,479	—	483	—	—	(5,000)	—	—	—	848	—	8,065	32,401
Professional contracted-out IT services	6,816	14,127	77,284	—	18,759	—	2,798	—	—	—	1,124	—	—	120,908	55,125
Staff training	20,897	7,308	8,809	—	5,145	—	—	1,023	—	—	1,907	—	—	45,089	27,961
Communication	28,373	12,012	34,814	—	12,770	—	2,424	1,285	—	—	1,951	—	—	93,629	53,741
Travel	—	—	32	—	—	—	—	—	—	—	(30)	—	—	2	36,556
Services related to repairs and maintenance	746	—	—	—	—	—	—	—	—	—	—	—	—	746	3,313
Supplies, equipment related to repairs and maintenance	599	522	2,605	—	967	—	—	—	—	—	—	—	—	4,693	25,183
Insurance	15,636	—	—	—	—	—	—	—	—	—	—	—	—	15,636	18,690
Utilities	427	1,121	1,907	—	1,747	—	—	—	—	—	—	—	—	5,202	13,787
Allocated central administration	449,340	571,065	2,091,170	183,600	857,489	508,435	64,448	#####	18,688	70,000	331,542	140,000	848	5,421,625	5,153,672
	(449,340)	55,000	242,009	—	117,973	—	1,700	—	—	—	32,658	—	—	—	—
	—	626,065	2,333,179	183,600	975,462	508,435	66,148	#####	18,688	70,000	364,200	140,000	848	5,421,625	5,153,672
Excess (deficiency) of revenue over expenses before funding repayable to the Ministry	—	—	13,938	—	—	113,465	—	—	—	—	—	—	(848)	126,555	304,643