

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

March 31, 2022

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

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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, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, 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.

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 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

June 23, 2022

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**

Balance Sheet

As at March 31, 2022

	2022	2021
Assets		
Current assets		
Cash	817,102	758,200
Accounts receivable	158	—
Harmonized sales tax receivable	75,193	45,921
Prepaid expenses	8,988	10,239
	901,441	814,360
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	265,617	314,577
Surplus repayable to the Ministry (<i>note 2</i>)	570,209	432,992
	835,826	747,569
Commitments (<i>note 4</i>)		
Fund balances (deficits)		
Internally restricted	66,827	68,003
Externally restricted	(1,212)	(1,212)
	65,615	66,791
	901,441	814,360

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

Approved by the Board

_____, Director

_____, Director

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

**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

For the year ended March 31, 2022

	Ministry	Non-Ministry	2022	2021
Revenue				
Ministry grants	5,914,070	—	5,914,070	5,543,080
Other income (note 2)	47,423	—	47,423	5,100
	5,961,493	—	5,961,493	5,548,180
Expenses				
Salaries and wages	3,555,875	—	3,555,875	3,320,174
Purchased client services	605,832	—	605,832	512,966
Employee benefits	713,952	—	713,952	662,170
Other services	82,645	—	82,645	59,309
Rent/lease/mortgage interest	274,093	—	274,093	270,768
COVID-19 expenses	7,725	—	7,725	31,848
Other supplies and equipment	81,242	—	81,242	56,371
IT - supplies and equipment	96,713	—	96,713	115,879
Professional/ contracted-out services	67,056	—	67,056	93,872
Advertising and promotion	8,497	1,176	9,673	8,065
Professional/contracted-out IT services	94,859	—	94,859	120,908
Staff training	97,633	—	97,633	45,089
Communication	87,837	—	87,837	93,629
Travel	324	—	324	2
Services related to repairs and maintenance	3,164	—	3,164	746
Supplies, equipment related to repairs and maintenance	2,704	—	2,704	4,693
Insurance	22,823	—	22,823	15,636
Utilities	6,309	—	6,309	5,202
Board expenses	19,666	—	19,666	4,297
	5,828,949	1,176	5,830,125	5,421,625
Excess of revenue over expenses				
before funding repayable to the Ministry	132,544	(1,176)	131,368	126,555
Surplus funding repayable to the Ministry	(132,544)	—	(132,544)	(127,403)
Deficiency of revenue over expenses				
	—	(1,176)	(1,176)	(848)
Fund balance (deficit), beginning of the year	(1,212)	68,003	66,791	67,639
Fund balance (deficit), end of the year	(1,212)	66,827	65,615	66,791

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

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

For the year ended March 31, 2022

	2022	2021
Operating activities		
Deficiency of revenue over expenses	(1,176)	(848)
Changes in non-cash working capital items		
Accounts receivable	(158)	—
Harmonized sales tax receivable	(29,272)	29,841
Prepaid expenses	1,251	(3,724)
Accounts payable and accrued liabilities	(48,960)	(154,056)
Surplus repayable to the Ministry	137,217	62,742
Net change in cash	58,902	(66,045)
Cash, beginning of year	758,200	824,245
Cash, end of year	817,102	758,200

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

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

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, 2022

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.

Impact of COVID-19 on operations

As of the date of the financial statements, governments in the jurisdictions in which the Organization operates have declared states of emergency in response to the COVID-19 pandemic. All of the Organization's services continue to function with the implementation of enhanced health related safeguards. Management continues to assess the impact of the COVID-19 pandemic and governments' responses to it on the Organization. Portions of the financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the COVID-19 pandemic. The amounts recorded in these financial statements are based on the latest reliable information available to management at the time the financial statements were prepared where that information reflects conditions as at the date of the financial statements. However, there is inherent uncertainty about these assumptions and estimates which could result in outcomes that require adjustments to the carrying amounts of the affected assets or liabilities in the future.

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 2022 amounted to \$5,914,070 (\$5,543,080 in 2021). 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 \$132,544 excess of revenue over expenses (\$127,403 in 2021).

**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, 2022

2. Summary of significant accounting policies *(continued from previous page)*

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.

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.

**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, 2022

3. Contracts with the MCCSS (continued from previous page)

The Fund Balance for the Ministry fund shows the position under these contracts as at March 31, 2022. The surplus/deficit presented on the financial statements will differ from the presentation in the TPAR due to specific instructions for TPAR preparation.

4. Commitments

The Organization leases office space under operating leases that expire in June 2025. Future lease payments aggregate \$705,788 and include the following amounts over the next three years.

2023	231,308
2024	236,391
<u>2025</u>	<u>238,089</u>
	<u>705,788</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, 2022, the most significant financial liabilities are accounts payable and accrued liabilities and surplus repayable to the Ministry.

Ministry of Community & Social Services and Ministry of Children & Youth Services
Schedule of Transfer Payment Annual Reconciliation

For the year ended March 31, 2022

	MOHLTC			DS Community Support				Children's DS				FASD	Service Planning Coordinators	Children Serv. Coord. Case Mgmt.	Non-Ministry	Total 2022	Total 2021	
	Allocated Central Admin	CYMH Coordinated Access and Intake	CYMH Case Management and Service Coordination	DSO	Housing	DS Coordination Processes	DS Temporary Family Supports	DS Passport Admin	Access Mechanism - Childrens	Placement Advisory Committee	CSN - Community Enhancement							
Revenue																		
Grants - MCCSS	—	—	—	2,308,548	74,956	183,600	646,605	1,250,464	66,148	18,688	70,000	180,000	364,200	139,997	—	5,303,206	5,543,080	
Grants - MOHLTC	—	559,514	51,350	—	—	—	—	—	—	—	—	—	—	—	—	610,864	—	
Other income	—	13,500	—	—	—	—	33,923	—	—	—	—	—	—	—	—	47,423	5,100	
	—	573,014	51,350	2,308,548	74,956	183,600	680,528	1,250,464	66,148	18,688	70,000	180,000	364,200	139,997	—	5,961,493	5,548,180	
Expenses																		
Salaries and wages	189,432	322,502	41,125	1,441,377	14,343	163,115	—	735,453	52,936	15,509	58,295	143,322	258,319	120,147	—	3,555,875	3,320,174	
Purchased client services	—	1,265	—	1,826	—	—	600,716	—	—	—	—	—	2,025	—	—	605,832	512,966	
Employee benefits	37,607	68,046	8,225	298,582	1,945	20,305	—	155,554	10,295	3,179	11,705	32,361	46,447	19,701	—	713,952	662,170	
Other services	12,704	550	—	17,592	—	180	—	46,256	—	—	—	2,681	2,533	149	—	82,645	59,309	
Rent/lease/mortgage interest	43,980	34,081	—	129,019	—	—	—	54,129	—	—	—	—	12,884	—	—	274,093	270,768	
COVID-19 expenses	418	1,547	—	3,456	—	—	—	1,920	—	—	—	—	384	—	—	7,725	31,848	
Other supplies and equipment	7,683	6,040	—	17,015	—	—	512	48,798	291	—	—	—	903	—	—	81,242	60,668	
IT - supplies and equipment	7,762	18,404	—	39,688	—	—	—	26,453	—	—	—	—	4,406	—	—	96,713	115,879	
Professional/contracted-out services	44,859	3,711	—	3,869	—	—	—	14,586	—	—	—	—	31	—	—	67,056	93,872	
Advertising and promotion	1,357	1,149	—	4,444	—	—	—	1,310	—	—	—	13	224	—	1,176	9,673	8,065	
Professional contracted-out IT services	5,364	26,685	—	40,775	7,744	—	—	12,377	—	—	—	800	1,114	—	—	94,859	120,908	
Staff training	6,945	19,600	—	40,370	—	—	—	26,241	208	—	—	60	4,209	—	—	97,633	45,089	
Communication	6,336	14,263	—	42,735	—	—	—	19,347	500	—	—	763	3,893	—	—	87,837	93,629	
Travel	166	—	—	135	—	—	—	12	—	—	—	—	11	—	—	324	2	
Services related to repairs and maintenance	158	633	—	1,424	—	—	—	791	—	—	—	—	158	—	—	3,164	746	
Supplies, equipment related to repairs and maintenance	707	472	—	735	—	—	—	737	—	—	—	—	53	—	—	2,704	4,693	
Insurance	22,823	—	—	—	—	—	—	—	—	—	—	—	—	—	—	22,823	15,636	
Utilities	586	1,066	—	2,189	—	—	—	2,250	218	—	—	—	—	—	—	6,309	5,202	
Board expenses	19,666	—	—	—	—	—	—	—	—	—	—	—	—	—	—	19,666	—	
	408,553	520,014	49,350	2,085,231	24,032	183,600	601,228	1,146,214	64,448	18,688	70,000	180,000	337,594	139,997	1,176	5,830,125	5,421,624	
Allocated central administration	(408,553)	53,000	2,000	223,317	—	—	—	102,138	1,700	—	—	—	26,398	—	—	—	—	
	—	573,014	51,350	2,308,548	24,032	183,600	601,228	1,248,352	66,148	18,688	70,000	180,000	363,992	139,997	1,176	5,830,125	5,421,624	
Excess (deficiency) of revenue over expenses																		
before funding repayable to the Ministry	—	—	—	—	50,924	—	79,300	2,112	—	—	—	—	208	—	(1,176)	131,368	126,556	