

COMMUNITY SERVICES COORDINATION

NETWORK (ONTARIO)

FINANCIAL STATEMENTS

MARCH 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Community Services Coordination Network (Ontario):

Qualified Opinion

We have audited the accompanying financial statements of Community Services Coordination Network (Ontario), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Community Services Coordination Network (Ontario) 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.

Basis for Qualified Opinion

Community Services Coordination Network (Ontario)'s capital assets have been expensed in the statement of operations, which constitutes a departure from Canadian accounting standards for not-for-profit organizations. This is the result of a decision taken by management preceding April 1, 2014. This caused us to modify our audit opinion on the financial statement relating to the year ended March 31, 2018. The company's records indicate that, had management capitalized and amortized the capital assets on a 5-year straight line basis, the surplus for the year should be decreased by \$45,462 in 2019 and \$32,446 in 2018, capital assets and net assets should be increased by \$104,046 in 2019 and \$149,508 in 2018.

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years.

Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Community Services Coordination Network (Ontario) 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 qualified opinion.

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 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.

Cont'd

INDEPENDENT AUDITORS' REPORT (CONT'D)

In preparing the financial statements, management is responsible for assessing Community Services Coordination Network (Ontario)'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 Community Services Coordination Network (Ontario) or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Community Services Coordination Network (Ontario)'s financial reporting process.

Auditors' Responsibility 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 auditors' 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 Community Services Coordination Network (Ontario)'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 Community Services Coordination Network (Ontario)'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Community Services Coordination Network (Ontario) 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.

London, Ontario
June 25, 2019

Wanman & Associates LLP

Chartered Professional Accountants
Licensed Public Accountants

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)


STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	<u>2019</u>	<u>2018</u> (Note 8)
<u>ASSETS</u>		
Current Assets:		
Cash and bank term deposits	\$ 2,357,166	\$ 6,747,472
Accounts receivable (Note 2)	4,978,239	677,273
Prepaid expenses and deposits	<u>27,569</u>	<u>18,610</u>
	<u>\$ 7,362,974</u>	<u>\$ 7,443,355</u>


LIABILITIES AND FUND BALANCES

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 6,232,409	\$ 5,412,650
Due to MCCSS (Note 3)	<u>275,418</u>	<u>1,186,459</u>
	6,507,827	6,599,109
Deferred Revenue (Note 4)	<u>547,923</u>	<u>642,425</u>
Total Liabilities	<u>7,055,750</u>	<u>7,241,534</u>
Fund Balances:		
Unrestricted	(113,126)	(113,126)
Internally restricted	<u>420,350</u>	<u>314,947</u>
	<u>307,224</u>	<u>201,821</u>
	<u>\$ 7,362,974</u>	<u>\$ 7,443,355</u>

Approved By The Board Of Directors:



Director



Director

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u> (Note 8)
Revenue:		
MCCSS Service contracts (Note 3)	\$ 55,749,923	\$ 48,146,625
CAS/F&CS	102,598	67,654
Wraparound services	12,396	28,756
Other revenue	16,750	5,955
Federal grants	<u>6,720</u>	<u>4,788</u>
	<u>55,888,387</u>	<u>48,253,778</u>
Expenses:		
Salaries and benefits	4,823,771	4,059,458
Other operating costs	1,052,637	1,118,994
MCCSS other project costs	49,873,516	42,968,173
CAS/F&CS	102,598	67,654
Wraparound services	12,396	28,756
Other program costs	11,347	2,757
Summer employment	<u>6,720</u>	<u>4,788</u>
	<u>55,882,984</u>	<u>48,250,580</u>
Excess Of Revenue Over Expenses For The Year	<u>\$ 5,403</u>	<u>\$ 3,198</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>			<u>2018</u>
	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Total</u>	<u>Total (Note 8)</u>
Fund Surplus (Deficiency) At Beginning Of The Year	\$ <u>(113,126)</u>	\$ <u>314,947</u>	\$ <u>201,821</u>	\$ <u>198,623</u>
Add (Deduct):				
Excess of revenue over expenses for the year	-	5,403	5,403	3,198
Interfund transfers [Note 1(b)]	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
	<u>-</u>	<u>105,403</u>	<u>105,403</u>	<u>3,198</u>
Fund Surplus (Deficiency) At End Of The Year	\$ <u>(113,126)</u>	\$ <u>420,350</u>	\$ <u>307,224</u>	\$ <u>201,821</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u> (Note 8)
Cash Flows From Operating Activities:		
Excess of revenue over expenses	\$ 5,403	\$ 3,198
Changes in non-cash working capital:		
Increase in:		
Accounts receivable	(4,300,966)	(555,091)
Prepaid expenses and deposits	(8,959)	(6,402)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(91,282)	1,991,341
Deferred revenue	<u>(94,502)</u>	<u>68,875</u>
	(4,490,306)	1,501,921
Cash Flow From Investing Activities:		
Net change in funds	<u>100,000</u>	<u>-</u>
Net Increase (Decrease) In Cash During The Year	(4,390,306)	1,501,921
Cash And Bank Term Deposits At Beginning Of The Year	<u>6,747,472</u>	<u>5,245,551</u>
Cash And Bank Term Deposits At End Of The Year	<u>\$ 2,357,166</u>	<u>\$ 6,747,472</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

Nature Of Operations:

Community Services Coordination Network (Ontario) ("CSCN") was incorporated on November 23, 1994, without share capital. The Community Services Coordination Network (Ontario) is a not-for-profit organization funded primarily by the Ontario Ministry of Children, Community and Social Services ("MCCSS"). The key function of CSCN is to coordinate access to various services and supports for adults with a development disability and for children and adolescents with complex needs that may require a response from more than one service provider.

Effective December 27, 2004 CSCN became a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income tax.

1. Accounting Policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting principles adopted by CSCN are summarized below:

a) Revenue Recognition:

CSCN follows the deferral method of accounting for contributions which include government grants.

CSCN is funded by the Province of Ontario in accordance with budget arrangements established by MCCSS. Operating grants are recorded as revenue in the period to which they relate. 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 the subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the period ended March 31, 2019.

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 are recognized as revenue in the year in which the related expenses are recognized.

b) Internally Restricted Fund:

In March 2014, The Board of Directors approved the establishment of a general reserve fund with the transfer of \$300,000 from deferred revenue resources.

In February 2019, The Board of Directors approved an additional transfer of \$100,000 from deferred revenue resources.

Any withdrawals and additions to the fund must have Board approval. Any interest earned is credited to the fund.

Management and the Board of Directors review the fund annually.

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

MARCH 31, 2019

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1. **Accounting Policies (Cont'd):**

c) **Capital Assets:**

Capital assets are expensed in the year of acquisition. The statement of revenues and expenses includes capital expenditures of \$33,439; (2018 - \$47,469).

d) **Cash And Bank Term Deposits:**

Cash and bank term deposits include cash on hand and highly liquid guaranteed investment certificates. Term deposits are recorded at cost plus accrued interest, which approximates fair value. Funds are invested in term deposits based on the conditions established by the Organization's governance policies and procedures.

e) **Financial Instruments:**

Financial instruments are initially recognized at fair value and subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs. Changes in the fair value of the investments are recorded in the statement of operations.

The fair value of the financial instrument is the estimated amount that CSCN would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their nature or capacity for prompt liquidation.

f) **Management Estimates:**

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they became known. Actual amounts could differ from those estimates.

2. **Accounts Receivable:**

	<u>2019</u>	<u>2018</u> (Note 8)
MCCSS	\$ 4,878,190	\$ 562,573
Government of Canada	71,054	86,757
Other	<u>28,995</u>	<u>27,944</u>
	<u>\$ 4,978,239</u>	<u>\$ 677,274</u>

CSCN has received \$4,687,814 of the total amount receivable in 2019, as of the date of these financial statements.

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

MARCH 31, 2019

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3. **MCCSS Service Contract - Schedule 1:**

CSCN has a service contract with MCCSS. A reconciliation report submitted to the Ministry, summarizes, by detail code, all revenues and expenditures and identifies any resulting surplus/deficit positions as at March 31, 2019.

The following programs have incurred a surplus (deficit):

A545	Individual placements	\$ 16,453
A597	Children's community support	2,882
A600	SW Service planning coordinators	76,551
8882DS	Application entities	132,514
9110DS	Intensive support residences	48,681
9112DS	Supported independent living	23,342
9134DS	Passport program - client	(248,990)
9134DS	Passport program - admin	175,021
9252	Case management adult	4,059
9259	Spec. Comm. Suppt-Children	<u>44,905</u>
Total		<u>\$ 275,418</u>

4. **Deferred Revenue:**

Deferred revenue related to expenses of future periods represent unspent externally restricted grants, agency fees, and unspent fundraising revenues of prior periods. Changes in the deferred balance are as follows:

	<u>2019</u>	<u>2018</u> (Note 8)
Balance at beginning of the year	\$ 642,425	\$ 573,550
Add amounts received during the year:		
City of London	19,000	19,000
Wraparound donations and partners	3,712	3,241
Interest earned	9,654	38,049
Other non-MCCSS programs	<u>99,473</u>	<u>102,909</u>
	774,264	736,749
Less amounts recognized as revenue in the year	126,341	94,324
Less amounts internally restricted	<u>100,000</u>	<u>-</u>
	<u>\$ 547,923</u>	<u>\$ 642,425</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

MARCH 31, 2019

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5. Financial Instruments:

Unless otherwise noted, it is management's opinion that CSCN is not exposed to significant interest, credit or foreign exchange risk arising from these financial instruments.

6. Capital Management:

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating and funding grant commitments despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purpose. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As of March 31, 2019 the organization has met its objective of having sufficient liquid resources to meet its current obligations.

7. Lease Commitments:

The Organization has commitments under operating leases for office space for various periods through November, 2024. The minimum annual payments for the next five years are:

Year	2020	\$	277,306
	2021		87,308
	2022		59,704
	2023		24,586
	2024		<u>25,038</u>
		\$	<u>473,942</u>

The lease term for the Organization's London location expires September 2019. It is the Organization's intention to renew this lease prior to its expiry.

8. Comparative Figures:

The 2018 figures presented for comparative purposes have been restated to conform with the presentation in the current year's financial statements.

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)
STATEMENT OF OPERATIONS BY SERVICE CONTRACT
March 31, 2019

Schedule 1

	8882 MCCSS Application Entity Adult DS	9110 MCCSS Intensive Support Residences DS	9112 MCCSS Supported Independent Living DS	9130 MCCSS Caregiver Respite Serv & Supports DS	9134 MCCSS Passport Program Client DS	9134 MCCSS Passport Program Admin DS	9252 MCCSS Spec Comm Supp Child-Serv Coord/Case Mgt	9259 MCCSS Spec. Comm Suppt-Children Other	A351 MCCSS Family/ Caregiver Skills	A352 MCCSS Access Intake Service	A505 MCCSS Residential Placement Adv Comm	A514 MCCSS Fetal Alcohol Spectrum Disorder	A545 MCCSS CSCN Individual Placements	A546 MCCSS CSCN Community Enhancement	A596 MCCSS Other ASD Respite Supports	A597 MCCSS ASD Respite Services	A600 MCCSS SW Service Planning Coordinators	A771 MCCSS CPTF Community Capacity Bldg	Non MCCSS Operations	Total
Revenues:																				
MCCSS service contracts	2,410,292	502,212	329,357	43,811	42,452,111	1,373,944	152,011	76,177	229,211	194,006	71,423	270,000	6,159,929	402,182	6,000	216,427	803,549	57,281		55,749,923
CAS/F & CS																			102,598	102,598
WrapAround Services																			12,396	12,396
Other revenue																			16,750	16,750
Federal grants																			6,720	6,720
	<u>2,410,292</u>	<u>502,212</u>	<u>329,357</u>	<u>43,811</u>	<u>42,452,111</u>	<u>1,373,944</u>	<u>152,011</u>	<u>76,177</u>	<u>229,211</u>	<u>194,006</u>	<u>71,423</u>	<u>270,000</u>	<u>6,159,929</u>	<u>402,182</u>	<u>6,000</u>	<u>216,427</u>	<u>803,549</u>	<u>57,281</u>	<u>138,464</u>	<u>55,888,387</u>
Expenses:																				
Salaries and benefits	2,058,346	6,720	6,720	-	-	1,073,491	112,420	53,613	175,635	175,459	62,612	234,949	-	232,779	-	10,000	574,530	46,497		4,823,771
MCCSS other fiscal costs	12	494,862	322,503	43,591	42,452,111	-	5,339	-	31,509	3,154	-	-	6,159,929	147,838	6,000	206,427	-	241		49,873,516
Other operating costs	351,934	630	135	220	-	300,453	34,253	22,563	22,067	15,394	8,811	35,051	-	21,565	-	-	229,018	10,543		1,052,637
CAS/F & CS																			102,598	102,598
WrapAround Services																			12,396	12,396
Other program costs																			11,347	11,347
Summer employment																			6,720	6,720
	<u>2,410,292</u>	<u>502,212</u>	<u>329,357</u>	<u>43,811</u>	<u>42,452,111</u>	<u>1,373,944</u>	<u>152,011</u>	<u>76,177</u>	<u>229,211</u>	<u>194,006</u>	<u>71,423</u>	<u>270,000</u>	<u>6,159,929</u>	<u>402,182</u>	<u>6,000</u>	<u>216,427</u>	<u>803,549</u>	<u>57,281</u>	<u>133,061</u>	<u>55,882,984</u>
Excess Of Expenses Over Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,403</u>	<u>5,403</u>