
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, 2020

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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, 2020, 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, 2020, 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

August 4, 2020

**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, 2020

Revenue

Ministry grants
Other income

Notes

2

	Ministry	Non-Ministry	2020	2019
	\$	\$	\$	\$
Ministry grants	5,456,987	—	5,456,987	15,346,430
Other income	—	1,328	1,328	—
	5,456,987	1,328	5,458,315	15,346,430

Expenses

Passport client expenses
Salaries and wages
Purchased client services
Employee benefits
Other services
Rent/lease/mortgage interest
COVID-19 expenses
Other supplies and equipment
IT - supplies and equipment
Professional/ contracted-out services
Advertising and promotion
Professional/contracted-out IT services
Staff training
Communication
Travel
Services related to repairs and maintenance
Supplies, equipment related to repairs and maintenance
Insurance
Utilities

—	—	—	9,430,683
3,201,374	—	3,201,374	3,023,957
326,340	—	326,340	881,124
664,837	—	664,837	620,868
136,508	—	136,508	305,912
259,361	—	259,361	263,618
11,701	—	11,701	—
96,801	—	96,801	194,197
79,543	—	79,543	97,065
110,450	—	110,450	96,575
30,312	2,089	32,401	80,673
55,125	—	55,125	66,185
27,961	—	27,961	65,411
53,741	—	53,741	51,091
36,556	—	36,556	46,154
3,313	—	3,313	18,894
25,183	—	25,183	17,144
18,690	—	18,690	13,952
13,787	—	13,787	11,238
5,151,583	2,089	5,153,672	15,284,741

Excess (deficiency) of revenue over expenses

before funding repayable to the Ministry

305,404	(761)	304,643	61,689
(305,404)	—	(305,404)	(64,660)

Surplus funding repayable to the Ministry

—	(761)	(761)	(2,971)
(1,212)	69,612	68,400	71,371

Deficiency of revenue over expenses

(1,212)	68,851	67,639	68,400
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Fund balance (deficit), beginning of the year

Fund balance (deficit), end of the year

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, 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash		824,245	88,104
Accounts receivable		—	436,617
Harmonized sales tax receivable		75,762	121,969
Prepaid expenses		6,515	9,669
		906,522	656,359
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	2	468,633	475,215
Surplus repayable to the Ministry		370,250	112,744
		838,883	587,959
Commitments	4		
Fund balances (deficits)			
Internally restricted		68,851	69,612
Externally restricted		(1,212)	(1,212)
		67,639	68,400
		906,522	656,359

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, 2020

	2020 \$	2019 \$
Operating activities		
Deficiency of revenue over expenses	(761)	(2,971)
Changes in non-cash working capital items		
Accounts receivable	436,617	2,143,209
Harmonized sales tax receivable	46,207	9,879
Prepaid expenses	3,154	(1,179)
Accounts payable and accrued liabilities	(6,582)	(4,169,425)
Surplus repayable to the Ministry	257,506	64,660
Net change in cash	736,141	(1,955,827)
Cash, beginning of year	88,104	2,043,931
Cash, end of year	824,245	88,104

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, 2020

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 2020 amounted to \$5,456,988 (\$15,346,430 in 2019). 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 \$305,404 excess of revenue over expenses (\$64,660 in 2019).

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, 2020

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, 2020. 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, 2020

4. Commitments

The Organization leases office space under operating leases that expire in June 2025. Future lease payments aggregate \$1,165,011, and include the following amounts over the next five years.

	\$
2021	227,917
2022	231,308
2023	231,308
2024	236,391
2025	238,087
	<u>1,165,011</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, 2020, the most significant financial liabilities are accounts payable and accrued liabilities and surplus repayable to the Ministry.

6. COVID-19

On March 11, 2020, 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 Company 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

Schedule of transfer payment annual reconciliation

Year ended March 31, 2020

	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.	9133 DS Coordination Processes	9134 DS Passport Admin	F710 DS Temporary Supports	Non-Ministry	Total 2020	Total 2019
Revenue																
Ministry grants	—	66,148	90,000	528,515	51,350	18,688	70,000	364,200	2,308,547	140,000	183,600	1,014,039	621,900	—	5,456,987	15,346,430
Other income	—	—	—	—	—	—	—	—	—	—	—	—	—	1,328	1,328	—
	—	66,148	90,000	528,515	51,350	18,688	70,000	364,200	2,308,547	140,000	183,600	1,014,039	621,900	1,328	5,458,315	15,346,430
Expenses																
Passport client expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9,430,683	—
Salaries and wages	180,148	37,398	64,103	306,039	28,860	15,509	57,900	264,692	1,441,230	115,349	151,397	538,749	—	—	3,201,374	3,023,957
Purchased client services	114	—	—	396	170	—	—	1,244	2,363	—	—	—	322,053	—	326,340	881,124
Employee benefits	37,412	7,666	13,516	63,896	5,916	3,179	12,100	54,869	299,173	23,936	31,459	111,715	—	—	664,837	620,868
Other services	8,785	—	848	20,099	—	—	—	2,591	35,875	197	295	67,818	—	—	136,508	305,912
Rent/lease/mortgage interest	45,893	—	—	32,078	—	—	—	—	127,261	—	—	54,129	—	—	259,361	263,618
COVID-19 expenses	541	271	270	1,893	—	—	—	811	5,210	—	—	2,705	—	—	11,701	—
Other supplies and equipment	5,127	4,612	521	9,357	4,929	—	—	21	27,257	—	—	44,942	35	—	96,801	194,197
IT - supplies and equipment	4,711	1,786	266	20,944	1,800	—	—	—	21,348	—	—	28,688	—	—	79,543	97,065
Professional/ contracted-out services	41,859	5,399	2,943	13,643	—	—	—	—	21,049	—	—	25,557	—	—	110,450	96,575
Advertising and promotion	952	705	5,215	2,276	—	—	—	568	18,745	—	—	1,851	—	2,089	32,401	80,673
Professional contracted-out IT services	4,202	2,798	—	4,664	1,866	—	—	1,038	29,710	—	—	10,847	—	—	55,125	66,185
Staff training	4,806	—	394	3,314	1,420	—	—	2,665	10,236	518	449	4,159	—	—	27,961	65,411
Communication	3,112	2,424	475	5,657	—	—	—	1,988	27,748	—	—	12,337	—	—	53,741	51,091
Travel	1,805	—	1,449	450	—	—	—	3,503	27,483	—	—	1,866	—	—	36,556	46,154
Services related to repairs and maintenance	338	155	—	311	155	—	—	—	1,166	—	—	1,188	—	—	3,313	18,894
Supplies, equipment related to repairs and maintenance	6,676	1,234	—	2,468	1,234	—	—	—	6,963	—	—	6,608	—	—	25,183	17,144
Insurance	18,690	—	—	—	—	—	—	—	—	—	—	—	—	—	18,690	13,952
Utilities	2,593	—	—	2,430	—	—	—	210	5,866	—	—	2,688	—	—	13,787	11,238
Allocated central administration	367,764	64,448	90,000	489,915	46,350	18,688	70,000	334,200	2,108,683	140,000	183,600	915,847	322,088	2,089	5,153,672	15,284,741
	(367,764)	1,700	—	38,600	5,000	—	—	30,000	199,864	—	—	92,600	—	—	—	—
	—	66,148	90,000	528,515	51,350	18,688	70,000	364,200	2,308,547	140,000	183,600	1,008,447	322,088	2,089	5,153,672	15,284,741
Excess (deficiency) of revenue over expenses before funding repayable to the Ministry																
	—	—	—	—	—	—	—	—	—	—	—	5,592	299,812	(761)	304,643	61,689