

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, 2015

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

March 31, 2015

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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

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, which comprise the statement of financial position as at March 31, 2015 and the statements of revenue and expenses and changes in fund balance and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Contact Hamilton for Children's and Developmental Services/Contact Hamilton pour les Services à l'Enfance et à l'Adaptation based on the financial reporting provisions established by the Ministry of Community and Social Services and the Ministry of Children & Youth Services.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions as established by the Ministry of Community and Social Services and the Ministry of Children & Youth Services, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Contact Hamilton for Children's and Developmental Services/Contact Hamilton pour les Services à l'Enfance et à l'Adaptation as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions established by the Ministry of Community and Social Services and the Ministry of Children & Youth Services.

### **Basis of Accounting and Restriction on Use**

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Contact Hamilton for Children's and Developmental Services/Contact Hamilton pour les Services à l'Enfance et à l'Adaptation to meet the requirements of their funding agreement with the Ministry of Community and Social Services and the Ministry of Children & Youth Services. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Members of Contact Hamilton for Children's and Developmental Services/Contact Hamilton pour les Services à l'Enfance et à l'Adaptation and the Ministry of Community and Social Services and the Ministry of Children & Youth Services and should not be used by parties other than the Members of Contact Hamilton for Children's and Developmental Services/Contact Hamilton pour les Services à l'Enfance et à l'Adaptation or the Ministry of Community and Social Services or the Ministry of Children & Youth Services.



Chartered Professional Accountants  
Licensed Public Accountants  
September 24, 2015

# 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, 2015

	Ministry	Non-Ministry	2015	2014
	\$	\$	\$	\$
<b>Revenue</b>				
Ministry grants (Note 2)	16,478,330	-	16,478,330	10,771,620
Student Support Leadership Initiative	-	-	-	36,748
Interest income	-	1,356	1,356	737
	<b>16,478,330</b>	<b>1,356</b>	<b>16,479,686</b>	<b>10,809,105</b>
<b>Expenses</b>				
Salaries and wages	2,227,259	-	2,227,259	1,830,267
Employee benefits	426,736	-	426,736	369,535
Travel	33,747	-	33,747	26,713
Communication	59,253	-	59,253	40,501
Rent/lease/mortgage interest	195,430	-	195,430	174,160
Utilities	12,046	-	12,046	10,611
Staff training	39,522	-	39,522	33,014
Advertising and promotion	59,100	1,122	60,222	27,859
Services related to repairs and maintenance	2,458	-	2,458	-
Professional/contracted-out services	14,429	-	14,429	10,442
Professional contracted-out IT services	76,367	-	76,367	36,676
Purchased client services	545,580	-	545,580	190,136
Insurance	10,268	-	10,268	17,143
Other services	119,054	-	119,054	132,733
Supplies, equipment related to repairs and maintenance	75,467	-	75,467	25,585
IT - supplies and equipment	181,260	-	181,260	53,827
Other supplies and equipment	208,420	-	208,420	114,694
Passport client expenses	12,153,203	-	12,153,203	7,695,140
	<b>16,439,599</b>	<b>1,122</b>	<b>16,440,721</b>	<b>10,789,036</b>
Excess of revenue over expenses before funding repayable to the Ministry	38,731	234	38,965	20,069
Surplus funding repayable to Ministry	(38,731)	-	(38,731)	(15,674)
Excess of revenue over expenses	-	234	234	4,395
Fund balance (deficit), beginning of the year	(1,085)	78,663	77,578	73,183
<b>Fund balance (deficit), end of year</b>	<b>(1,085)</b>	<b>78,897</b>	<b>77,812</b>	<b>77,578</b>

The accompanying notes to the financial statements 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

Balance sheet  
as at March 31, 2015

	2015	2014
	\$	\$
<b>Assets</b>		
Current assets		
Cash	309,626	396,940
Accounts receivable	2,509,793	784,759
Harmonized sales tax receivable	88,687	130,891
Prepaid expenses	7,752	5,075
	<b>2,915,858</b>	<b>1,317,665</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	2,799,315	1,198,993
Government remittances payable	-	25,420
Surplus repayable to the Ministry (Note 2)	38,731	15,674
	<b>2,838,046</b>	<b>1,240,087</b>
<b>Fund balances</b>		
Internally restricted	78,897	78,663
Fund balance	(1,085)	(1,085)
	<b>77,812</b>	<b>77,578</b>
	<b>2,915,858</b>	<b>1,317,665</b>

Approved by the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes to the financial statements 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  
year ended March 31, 2015

	2015	2014
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	234	4,395
Changes in non-cash working capital items		
Accounts receivable	(1,725,034)	(714,234)
Harmonized sales tax receivable	42,204	65,216
Prepaid expenses	(2,677)	3,640
Accounts payable and accrued liabilities	1,600,322	60,289
Government remittances payable	(25,420)	403
Surplus repayable to the Ministry	23,057	(299,710)
Net change in cash	(87,314)	(880,001)
Cash, beginning of year	396,940	1,276,941
<b>Cash, end of year</b>	<b>309,626</b>	<b>396,940</b>

The accompanying notes to the financial statements 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, 2015

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## 1. Description of operations

Contact Hamilton for Children's and Developmental Services/Contact Hamilton pour les Services à l'Enfance et à l'Adaptation (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 Community and Social Services 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 superceded 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 of Community and Social Services and the Ministry of Children and Youth Services ("MCSS/MCYS" or the "Ministry") funding agreement. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations because:

- 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.

In all other respects, these financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### *MCSS/MCYS guidelines*

Grants received from the MCSS/MCYS are provided to the Organization through annual Funding Agreements 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 2015 amounted to \$16,478,330 (2014 - \$10,771,620). The Funding Agreement with the MCSS/MCYS requires that Organization funding not spent in accordance with the terms of this Agreement must be returned to the MCSS/MCYS unless otherwise agreed to by the MCSS/MCYS 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 \$38,731 excess of revenue over expenses (2014 - \$15,674).

### *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 straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in net earnings 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, 2015

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## 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*

Contributions are recognized as revenues when they have become contractually due, when the price 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 MCSS/MCYS

The Organization has service contracts with the MCSS/MCYS. One requirement of the contracts 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, 2015. 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 and various items of equipment under operating leases that expire at various dates in the future. Future lease payments aggregate \$990,793 and include the following amounts over the next five years.

	\$
2016	194,587
2017	197,601
2018	200,321
2019	201,828
2020	196,456
	<hr/> 990,793

# 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, 2015

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## **5. 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, 2015, the most significant financial liabilities are accounts payable and accrued liabilities.

## **6. Comparative figures**

The comparative figures have been restated to conform to the presentation adopted in the current year.

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

Ministry of Community & Social Services and Ministry of Children & Youth Services  
Schedule of transfer payment annual reconciliation  
year ended March 31, 2015

	Allocated Central Admin	A511 Access Intake Service Planning	A352 Access Mechanism Children's	A354 Access Service Coordination Process	A505 Residential Placement Advisory Committee	A546 Community Enhancement	8882 Application Entity Adult DS	9252 SCS - Children Serv. Coord. Case Mgmt	9133 DS Coordination Processes	9134 DS Passport Admin	9134 DS Passport Program	9131 DS Community Participation and Supports	9137 DS Temporary Family Supports	Non- Ministry	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>																
Grants - MCSS	-	-	-	-	-	-	1,693,020	140,000	133,600	1,071,700	12,153,203	93,300	486,419	-	15,771,242	10,044,536
Grants - MCYS	-	66,148	482,216	51,349	37,375	70,000	-	-	-	-	-	-	-	-	707,088	727,084
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	1,356	1,356	737
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,748
	-	66,148	482,216	51,349	37,375	70,000	1,693,020	140,000	133,600	1,071,700	12,153,203	93,300	486,419	1,356	16,479,686	10,809,105
<b>Expenses</b>																
Salaries and wages	140,373	34,409	319,099	35,464	32,765	63,350	920,584	117,058	118,043	446,114	-	-	-	-	2,227,259	1,830,267
Employee benefits	28,074	7,975	63,122	7,094	4,610	6,650	184,136	22,352	15,557	87,166	-	-	-	-	426,736	369,535
Travel	3,066	197	1,421	153	-	-	26,454	499	-	1,957	-	-	-	-	33,747	26,713
Communication	2,720	-	1,863	-	-	-	35,717	-	-	18,953	-	-	-	-	59,253	40,501
Rent/Lease/Mortgage interest	5,270	13,957	33,030	2,353	-	-	80,006	-	-	60,814	-	-	-	-	195,430	174,160
Utilities	100	-	2,740	-	-	-	6,111	-	-	3,095	-	-	-	-	12,046	10,611
Staff training	4,000	106	763	82	-	-	30,637	-	-	3,934	-	-	-	-	39,522	33,014
Advertising and promotion	1,250	71	515	-	-	-	21,927	-	-	35,337	-	-	1,122	-	60,222	27,859
Services related to repairs and maintenance	863	-	120	-	-	-	1,475	-	-	-	-	-	-	-	2,458	-
Professional/Contracted-out services	12,938	-	541	-	-	-	950	-	-	-	-	-	-	-	14,429	10,442
Professional Contracted-out IT services	25,981	-	6,952	-	-	-	25,981	-	-	17,453	-	-	-	-	76,367	36,676
Purchased client services	-	-	479	-	-	-	1,269	-	-	42	-	78,239	465,551	-	545,580	190,136
Insurance	4,712	-	840	106	-	-	3,996	-	-	614	-	-	-	-	10,268	17,143
Other services	655	586	-	404	-	-	85,472	-	-	31,937	-	-	-	-	119,054	132,733
Supplies, equipment related to repairs and maintenance	120	52	-	40	-	-	37,203	-	-	38,052	-	-	-	-	75,467	25,585
IT - supplies and equipment	500	3,316	380	1,020	-	-	48,712	-	-	127,332	-	-	-	-	181,260	53,827
Other supplies and equipment	3,700	-	2,463	-	-	-	64,950	91	-	137,216	-	-	-	-	208,420	114,694
Passport client expenses	-	-	-	-	-	-	-	-	-	-	12,153,203	-	-	-	12,153,203	7,695,140
	234,322	60,669	434,328	46,716	37,375	70,000	1,575,580	140,000	133,600	1,010,016	12,153,203	78,239	465,551	1,122	16,440,721	10,789,036
Allocated central administration	(234,322)	5,479	47,888	4,633	-	-	117,440	-	-	49,552	-	9,330	-	-	-	-
	-	66,148	482,216	51,349	37,375	70,000	1,693,020	140,000	133,600	1,059,568	12,153,203	87,569	465,551	1,122	16,440,721	10,789,036
<b>Excess of revenue over expenses (expenses over revenue) before funding repayable to the Ministry</b>	-	-	-	-	-	-	-	-	-	12,132	-	5,731	20,868	234	38,965	20,069