

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, 2017

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

March 31, 2017

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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 balance sheet as at March 31, 2017, 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, 2017 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
July 31, 2017

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, 2017

	Ministry	Non-Ministry	2017	2016
	\$	\$	\$	\$
Revenue				
Ministry grants (Note 2)	25,012,114	-	25,012,114	22,730,620
Interest income	-	290	290	166
	25,012,114	290	25,012,404	22,730,786
Expenses				
Passport client expenses	20,233,154	-	20,233,154	17,774,867
Salaries and wages	2,698,665	-	2,698,665	2,669,159
Purchased client services	649,946	-	649,946	586,871
Employee benefits	550,322	-	550,322	503,472
Rent/lease/mortgage interest	240,145	-	240,145	237,013
Other supplies and equipment	145,519	-	145,519	140,156
Professional/contracted-out IT services	103,768	-	103,768	112,057
IT - supplies and equipment	66,870	-	66,870	34,069
Professional/contracted-out services	51,808	-	51,808	48,039
Advertising and promotion	46,609	3,975	50,584	36,251
Travel	40,433	-	40,433	47,204
Communication	37,159	-	37,159	32,755
Other services	34,748	-	34,748	73,463
Staff training	21,672	-	21,672	29,915
Utilities	18,261	-	18,261	15,551
Supplies, equipment related to repairs and maintenance	14,972	-	14,972	9,129
Insurance	12,373	-	12,373	11,202
Services related to repairs and maintenance	7,232	-	7,232	11,491
	24,973,656	3,975	24,977,631	22,372,664
Excess (deficiency) of revenue over expenses before funding				
repayable to the Ministry	38,458	(3,685)	34,773	358,122
Surplus funding repayable to Ministry	(38,458)	-	(38,458)	(359,526)
Adjustment to prior year surplus funding repayable to the Ministry	-	-	-	(127)
Deficiency of revenue over expenses	-	(3,685)	(3,685)	(1,531)
Fund balance (deficit), beginning of the year	(1,212)	77,493	76,281	77,812
Fund balance (deficit), end of year	(1,212)	73,808	72,596	76,281

The accompanying notes to the financial statements are an integral part of this 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, 2017

	2017	2016
	\$	\$
Assets		
Current assets		
Cash	2,219,983	2,823,380
Accounts receivable	842,524	29,404
Harmonized sales tax receivable	132,099	65,976
Prepaid expenses	5,643	14,284
	3,200,249	2,933,044
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,088,789	2,497,237
Surplus repayable to the Ministry (Note 2)	38,864	359,526
	3,127,653	2,856,763
Fund balances		
Internally restricted	73,808	77,493
Fund deficit	(1,212)	(1,212)
	72,596	76,281
	3,200,249	2,933,044

Approved by the Board

_____ Director

_____ Director

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

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, 2017

	2017	2016
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(3,685)	(1,531)
Changes in non-cash working capital items		
Accounts receivable	(813,120)	2,480,389
Harmonized sales tax receivable	(66,123)	22,711
Prepaid expenses	8,641	(6,532)
Accounts payable and accrued liabilities	591,552	(302,078)
Surplus repayable to the Ministry	(320,662)	320,795
Net change in cash	(603,397)	2,513,754
Cash, beginning of year	2,823,380	309,626
Cash, end of year	2,219,983	2,823,380

The accompanying notes to the financial statements are an integral part of this 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, 2017

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 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 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 2017 amounted to \$25,012,114 (2016 - \$22,730,620). 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 \$38,458 excess of revenue over expenses (2016 - \$359,526).

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, 2017

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 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 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, 2017. 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 \$646,824 and include the following amounts over the next four years.

	\$
2018	200,321
2019	201,828
2020	196,455
2021	48,220
	<hr/> 646,824

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, 2017

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, 2017, the most significant financial liabilities are accounts payable and accrued liabilities.

6. Comparative figures

Certain comparative figures have been reclassified 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, 2017

	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	A600 Service Planning Coordinators	8882 Application Entity Adult DS	9252 SCS - Children Serv. Coord. Case Mgmt	9133 DS Coordination Processes	9134 DS Passport Admin	9134 DS Passport Program	9137 DS Temporary Family Supports	Non- Ministry	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue																
Grants - MCSS	-	-	-	-	-	-	-	1,978,262	140,000	183,600	975,464	20,219,800	677,900	-	24,175,026	23,683,511
Grants - MCYS	-	66,148	500,902	51,350	18,688	90,000	110,000	-	-	-	-	-	-	-	837,088	707,088
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	290	290	166
	-	66,148	500,902	51,350	18,688	90,000	110,000	1,978,262	140,000	183,600	975,464	20,219,800	677,900	290	25,012,404	24,390,765
Expenses																
Salaries and wages	164,765	49,920	332,198	29,590	15,535	74,813	48,722	1,171,001	117,519	155,956	538,647	-	-	-	2,698,666	2,669,159
Employee benefits	33,396	10,213	67,738	5,998	3,153	15,187	9,934	245,397	22,481	27,644	109,179	-	-	-	550,320	503,472
Travel	3,008	-	1,369	-	-	-	507	32,679	-	-	2,880	-	-	-	40,433	46,218
Communication	4,420	-	2,381	-	-	-	1,906	24,269	-	-	4,183	-	-	-	37,159	32,755
Rent/Lease/Mortgage Interest	41,096	-	26,938	3,232	-	-	-	113,190	-	-	55,689	-	-	-	240,145	237,013
Utilities	1,250	-	3,566	-	-	-	-	8,449	-	-	4,996	-	-	-	18,261	15,551
Staff training	1,415	-	3,202	-	-	-	5,256	7,330	-	-	4,469	-	-	-	21,672	30,901
Advertising and promotion	9,095	-	4,725	-	-	-	6,268	14,984	-	-	11,537	-	-	3,975	50,584	36,252
Services related to repairs and Maintenance	-	-	752	-	-	-	-	3,245	-	-	3,235	-	-	-	7,232	11,491
Professional/Contracted-out Services	14,445	-	3,066	-	-	-	-	16,633	-	-	17,664	-	-	-	51,808	48,039
Professional Contracted-out IT Services	3,590	-	8,425	7,405	-	-	24,414	35,509	-	-	24,425	-	-	-	103,768	112,058
Purchased Client Services	-	-	917	-	-	-	-	1,185	-	-	-	-	647,845	-	649,947	586,871
Insurance	7,368	-	1,112	-	-	-	-	2,781	-	-	1,112	-	-	-	12,373	11,202
Other Services	6,487	-	2,237	-	-	-	43	17,247	-	-	8,734	-	-	-	34,748	73,462
Supplies, Equipment related to repairs and Maintenance	1,450	-	1,000	-	-	-	88	9,936	-	-	2,498	-	-	-	14,972	8,659
IT - Supplies and Equipment	500	-	832	-	-	-	5,876	59,443	-	-	220	-	-	-	66,871	34,068
Other Supplies and Equipment	9,224	-	4,192	-	-	-	6,986	33,620	-	-	91,496	-	-	-	145,518	140,629
Passport client expenses	-	-	-	-	-	-	-	-	-	-	-	20,233,154	-	-	20,233,154	19,434,969
	301,509	60,133	464,640	46,225	18,688	90,000	110,000	1,796,898	140,000	183,600	880,964	20,233,154	647,845	3,975	24,977,631	24,032,769
Allocated central administration	(301,509)	6,015	36,262	5,125	-	-	-	159,607	-	-	94,500	-	-	-	-	-
	-	66,148	500,902	51,350	18,688	90,000	110,000	1,956,505	140,000	183,600	975,464	20,233,154	647,845	3,975	24,977,631	24,032,769
Excess (deficiency) of revenue over expenses before funding repayable to the Ministry	-	-	-	-	-	-	-	21,757	-	-	-	(13,354)	30,055	(3,685)	34,773	357,996