

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, 2018

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

March 31, 2018

Table of contents

Independent Auditor's Report	1-2
Statement of revenue and expenses and changes in fund balance.....	3
Balance sheet	4
Statement of cash flows	5
Notes to the financial statements	6-8
Schedule of transfer payment annual reconciliation	9

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, 2018 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, 2018 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
August 3, 2018

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, 2018

	Ministry	Non-Ministry	2018	2017
	\$	\$	\$	\$
Revenue				
Ministry grants (Note 2)	33,019,098	-	33,019,098	25,012,114
Other income	-	588	588	290
	33,019,098	588	33,019,686	25,012,404
Expenses				
Passport client expenses	27,529,898	-	27,529,898	20,233,154
Salaries and wages	2,867,365	-	2,867,365	2,698,665
Purchased client services	939,835	-	939,835	649,946
Employee benefits	567,044	-	567,044	550,322
Rent/lease/mortgage interest	259,230	-	259,230	240,145
Other supplies and equipment	160,718	-	160,718	145,519
IT - supplies and equipment	142,237	-	142,237	66,870
Professional/ contracted-out services	97,740	-	97,740	51,808
Other services	88,482	-	88,482	34,748
Communication	75,131	-	75,131	37,159
Professional/ contracted-out IT services	70,867	-	70,867	103,768
Staff training	52,331	-	52,331	21,672
Travel	39,266	-	39,266	40,433
Advertising and promotion	25,853	1,813	27,666	50,584
Supplies, equipment related to repairs and maintenance	19,696	-	19,696	14,972
Utilities	14,201	-	14,201	18,261
Insurance	13,544	-	13,544	12,373
Services related to repairs and maintenance	7,576	-	7,576	7,232
	32,971,014	1,813	32,972,827	24,977,631
Excess (deficiency) of revenue over expenses				
before funding repayable to the Ministry	48,084	(1,225)	46,859	34,773
Surplus funding repayable to the Ministry	(48,084)	-	(48,084)	(38,458)
Deficiency of revenue over expenses	-	(1,225)	(1,225)	(3,685)
Fund balance (deficit), beginning of the year	(1,212)	73,808	72,596	76,281
Fund balance (deficit), end of the year	(1,212)	72,583	71,371	72,596

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, 2018

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	2,043,931	2,219,983
Accounts receivable	2,579,826	842,524
Harmonized sales tax receivable	131,848	132,099
Prepaid expenses	8,490	5,643
	4,764,095	3,200,249
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	4,644,640	3,088,789
Surplus repayable to the Ministry (Note 2)	48,084	38,864
	4,692,724	3,127,653
Fund balances		
Internally restricted	72,583	73,808
Externally restricted	(1,212)	(1,212)
	71,371	72,596
	4,764,095	3,200,249

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, 2018

	2018	2017
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(1,225)	(3,685)
Changes in non-cash working capital items		
Accounts receivable	(1,737,302)	(813,120)
Harmonized sales tax receivable	251	(66,123)
Prepaid expenses	(2,847)	8,641
Accounts payable and accrued liabilities	1,555,851	591,552
Surplus repayable to the Ministry	9,220	(320,662)
Net change in cash	(176,052)	(603,397)
Cash, beginning of year	2,219,983	2,823,380
Cash, end of year	2,043,931	2,219,983

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, 2018

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 2018 amounted to \$33,019,098 (2017 - \$25,012,114). 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 \$48,084 excess of revenue over expenses (2017 - \$38,458).

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, 2018

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, 2018. 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 \$502,423 and include the following amounts over the next three years.

	\$
2019	226,682
2020	221,308
2021	54,433
	<hr/> 502,423

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, 2018

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, 2018, the most significant financial liabilities are accounts payable and accrued liabilities.

**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, 2018

	Allocated Central Admin	A511 Access Intake Service Planning	A514 FASD Nutrition	A352 Access Mechanism Children's	A354 Access Service Coordination Process	A505 Residential Placement Advisory Committee	A508 Children's Community Support Other	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 2018	Total 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue																		
Grants - MCSS	-	-	-	-	-	-	-	-	-	2,243,731	140,490	183,600	978,774	27,529,898	946,730	-	32,023,223	24,175,026
Grants - MCYS	-	66,148	50,000	500,902	51,350	18,688	1,687	70,000	237,100	-	-	-	-	-	-	-	995,875	837,088
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	588	588	290
	-	66,148	50,000	500,902	51,350	18,688	1,687	70,000	237,100	2,243,731	140,490	183,600	978,774	27,529,898	946,730	588	33,019,686	25,012,404
Expenses																		
Passport client expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	27,529,898	-	-	27,529,898	20,233,154
Salaries and wages	158,437	49,664	5,646	299,913	29,615	15,630	1,442	58,436	115,597	1,382,347	116,867	153,332	480,439	-	-	-	2,867,365	2,698,666
Purchased client services	-	-	-	2,794	-	-	-	-	322	1,326	-	-	-	-	935,393	-	939,835	649,947
Employee benefits - Vol	20,018	6,090	-	37,262	3,605	1,872	-	7,125	13,620	165,882	14,254	18,218	60,584	-	-	-	348,530	-
Rent/lease/mortgage interest	34,967	-	-	30,608	3,223	-	-	-	-	142,785	-	-	47,647	-	-	-	259,230	240,145
Employee benefits - Mand	12,470	3,794	-	23,195	2,247	1,186	-	4,439	8,484	105,472	8,879	11,349	36,999	-	-	-	218,514	550,320
Other supplies and equipment	7,380	-	-	9,496	-	-	-	-	35,758	38,467	-	-	69,817	-	-	-	160,718	145,518
IT - supplies and equipment	6,713	-	31,426	18,990	-	-	-	-	16,581	27,889	-	-	40,638	-	-	-	142,237	66,871
Professional/ contracted-out services	40,117	-	-	1,372	-	-	-	-	1,310	13,267	-	-	41,674	-	-	-	97,740	51,808
Other services	2,610	-	3,326	8,996	-	-	-	-	118	36,012	-	-	37,420	-	-	-	86,482	34,748
Communication	6,966	-	8,964	3,527	-	-	-	-	2,542	34,651	-	-	18,481	-	-	-	75,131	37,159
Professional contracted-out IT services	4,090	-	-	1,555	7,535	-	-	-	6,534	28,012	-	-	23,141	-	-	-	70,867	103,768
Staff training	14,242	-	-	8,305	-	-	-	-	2,518	17,959	-	-	9,307	-	-	-	52,331	21,672
Travel	1,715	-	-	2,332	-	-	-	-	3,470	28,351	-	-	3,398	-	-	-	39,266	40,433
Advertising and promotion	4,491	-	638	1,630	-	-	-	-	2,193	13,063	-	-	3,938	-	-	1,813	27,666	50,584
Supplies, equipment related to repairs and maintenance	2,705	-	-	2,736	-	-	-	-	10,380	3,124	-	-	751	-	-	-	19,696	14,972
Utilities	2,924	-	-	2,118	-	-	-	-	-	5,472	-	-	3,687	-	-	-	14,201	18,261
Insurance	6,450	-	-	1,252	-	-	-	-	507	2,563	-	-	2,772	-	-	-	13,544	12,373
Services related to repairs and maintenance	3,184	-	-	239	-	-	-	-	175	2,231	-	-	1,747	-	-	-	7,576	7,232
	329,479	59,548	50,000	466,220	46,225	18,688	1,442	70,000	220,109	2,048,873	140,000	182,899	882,240	27,529,898	-	935,393	32,972,827	24,977,631
Allocated central administration	(329,479)	6,600	-	44,682	5,125	-	-	-	16,991	163,481	-	-	92,600	-	-	-	-	-
	-	66,148	50,000	500,902	51,350	18,688	1,442	70,000	237,100	2,212,354	140,000	182,899	974,840	27,529,898	935,393	1,813	32,972,827	24,977,631
Excess (deficiency) of revenue over expenses before funding repayable to the Ministry	-	-	-	-	-	-	245	-	-	31,377	490	701	3,934	-	11,337	(1,225)	46,859	34,773