

COMMUNITY SERVICES COORDINATION

NETWORK (ONTARIO)

FINANCIAL STATEMENTS

MARCH 31, 2018

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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, 2017. 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 \$32,446 in 2018 and \$58,904 in 2017, capital assets and net assets should be increased by \$149,508 in 2018 and \$181,953 in 2017.

In common with many charitable organizations, Community Services Coordination Network (Ontario) derives revenue from donations, fundraising activities and other miscellaneous revenues, 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 revenues, deficiency of revenue over expenses, and cash flows from operations for the years ended March 31, 2018, current assets as at April 1, 2017 and fund balances as at April 1, 2017 and March 31, 2018. Our auditor's opinion on the financial statements for the year ended March 31, 2017 was modified because of the possible effects of a similar limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Community Services Coordination Network (Ontario) as at March 31, 2018, and its financial position and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Marcus & Associates LLP

London, Ontario
June 27, 2018

**Chartered Professional Accountants
Licensed Public Accountants**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Services Coordination Network (Ontario):

Report On The Financial Statements

We have audited the accompanying financial statements of Community Services Coordination Network (Ontario), which comprise the statements of financial position as at March 31, 2018, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

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 auditors consider 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.

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COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

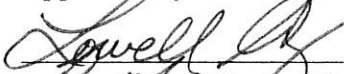
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current Assets:		
Cash and bank term deposits	\$ 6,747,472	\$ 5,245,551
Accounts receivable	677,273	122,182
Prepaid expenses and deposits	<u>18,610</u>	<u>12,208</u>
	<u>\$ 7,443,355</u>	<u>\$ 5,379,941</u>

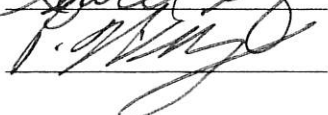
LIABILITIES AND FUND BALANCES

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 5,412,650	\$ 4,025,138
Due to MCSS (Note 4)	358,492	435,616
Due to MCYS (Note 4)	<u>827,967</u>	<u>147,014</u>
	6,599,109	4,607,768
Deferred Revenue (Note 2)	<u>642,425</u>	<u>573,550</u>
Total Liabilities	<u>7,241,534</u>	<u>5,181,318</u>
Fund Balances:		
Unrestricted	(113,126)	(113,126)
Internally restricted	<u>314,947</u>	<u>311,749</u>
	<u>201,821</u>	<u>198,623</u>
	<u>\$ 7,443,355</u>	<u>\$ 5,379,941</u>

Approved By The Board Of Directors:



Director



Director

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
Revenue:		
MCSS/MCYS Service contracts (Note 4)	\$ 48,146,625	\$ 40,553,721
CAS/F&CS	67,654	91,448
Wraparound services	28,756	28,940
Other revenue	5,955	20,627
Federal grants	<u>4,788</u>	<u>5,591</u>
	<u>48,253,778</u>	<u>40,700,327</u>
Expenses:		
Salaries and benefits	4,059,458	3,691,531
Other operating costs	1,118,994	965,722
MCSS/MCYS other project costs	42,968,173	35,896,470
CAS/F&CS	67,654	91,448
Wraparound services	28,756	28,940
Other program costs	2,757	17,239
Summer employment	<u>4,788</u>	<u>5,591</u>
	<u>48,250,580</u>	<u>40,696,941</u>
Surplus Of Revenue Over Expenses For The Year	<u>\$ 3,198</u>	<u>\$ 3,386</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>			<u>2017</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Total</u>	
Fund Surplus (Deficiency) At Beginning Of The Year	\$ (113,126)	\$ 311,749	\$ 198,623	\$ 195,237
Add (Deduct):				
Surplus of revenue over expenses for the year	<u> -</u>	<u> 3,198</u>	<u> 3,198</u>	<u> 3,386</u>
Fund Surplus (Deficiency) At End Of The Year	<u>\$ (113,126)</u>	<u>\$ 314,947</u>	<u>\$ 201,821</u>	<u>\$ 198,623</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Surplus of revenue over expenses	\$ 3,198	\$ 3,386
Changes in non-cash working capital:		
Decrease (increase) in:		
Accounts receivable	(555,091)	377,068
Prepaid expenses and deposits	(6,402)	18,581
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,991,341	(643,548)
Deferred revenue	<u>68,875</u>	<u>(5,351)</u>
Net Increase (Decrease) In Cash During The Year	1,501,921	(249,864)
Cash And Bank Term Deposits At Beginning Of The Year	<u>5,245,551</u>	<u>5,495,415</u>
Cash And Bank Term Deposits At End Of The Year	<u>\$ 6,747,472</u>	<u>\$ 5,245,551</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

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 Community and Social Services ("MCSS") and the Ontario Ministry of Children and Youth Services ("MCYS"). 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 MCSS and by the MCYS. 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 Ministries with respect to the period ended March 31, 2018.

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.

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.

c) Capital Assets:

Capital assets are expensed in the year of acquisition. The statement of revenues and expenses includes capital expenditures of \$47,469; (2017 - \$30,074).

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

MARCH 31, 2018

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1. Accounting Policies (Cont'd):

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. Deferred Revenue:

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

	<u>2018</u>	<u>2017</u>
Balance At Beginning of The Year	\$ 573,550	\$ 578,901
Add amounts received during the year:		
City of London	19,000	6,692
Wraparound donations and partners	3,241	28,500
Interest earned	38,049	-
Other non-MCSS/MCYS programs	<u>102,909</u>	<u>79,545</u>
	736,749	693,638
Less amounts recognized as revenue in the year	<u>94,324</u>	<u>120,088</u>
	<u>\$ 642,425</u>	<u>\$ 573,550</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

MARCH 31, 2018

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3. 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.

4. MCSS/MCYS Service Contracts - Schedule 1:

CSCN has a service contract with MCSS and MCYS. A reconciliation report submitted to the Ministries, summarizes, by detail code, all revenues and expenditures and identifies any resulting surplus/deficit positions as at March 31, 2018.

The following programs have incurred a surplus/(deficit):

A508	Children's community support	\$	56,552	
A545	Individual placements	\$	255,334	
A600	SW Service planning coordinators	\$	<u>46,606</u>	
Total MCYS				\$ 358,492
8882DS	Application entities		205,309	
9110DS	Intensive support residences		13,263	
9112DS	Supported independent living		61,785	
9134DS	Passport program - client		309,702	
9134DS	Passport program - admin		236,980	
9252	Case management adult		<u>928</u>	
Total MCSS				<u>827,967</u>
Total				<u>\$ 1,186,459</u>

5. 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, 2018 the organization has met its objective of having sufficient liquid resources to meet its current obligations.

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COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

MARCH 31, 2018

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6. **Lease Commitments:**

The Organization has commitments under operating leases for office space for various periods through February, 2022. The minimum annual payments for the next five years are:

Year	2018	\$	373,782
	2019		303,955
	2020		93,730
	2021		60,990
	2022		<u>51,184</u>
		\$	<u>883,641</u>

The lease term for the Organization's London location expires in 2020. It is the Organization's intention to renew this lease prior to its expiry.

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)
STATEMENT OF OPERATIONS BY SERVICE CONTRACT
March 31, 2018

Schedule 1

	8882 MCSS Application Entity Adult DS	9110 MCSS Intensive Support Residences DS	9112 MCSS Supported Independent Living DS	9130 MCSS Caregiver Respite Serv & Supports DS	9134 MCSS Passport Program Client DS	9134 MCSS Passport Program Admin DS	9252 MCSS Spec Comm Supp Child-Serv Coord/Case Mgt	9259 MCSS Spec. Comm Suppt-Children Other	A351 MCYS Family/ Caregiver Skills	A352 MCYS Access Intake Service	A505 MCYS Residential Placement Adv Comm	A514 MCYS Fetal Alcohol Spectrum Disorder	A545 MCYS CSCN Individual Placements	A546 MCYS CSCN Community Enhancement	A596 MCYS Other ASD Respite Supports	A597 MCYS ASD Respite Services	A600 MCYS SW Service Planning Coordinators	A771 MCYS CPTF Community Capacity Bldg	Non MCSS/ MYCS Operations	Total
Revenues:																				
MCSS/MCYS service contracts	2,250,825	454,229	184,667	43,811	34,137,016	1,372,397	144,177	121,082	218,296	184,768	71,423	64,500	7,776,267	402,182	6,000	219,309	438,394	57,281		48,146,625
CAS/F & CS																			67,654	67,654
WrapAround Services																			28,756	28,756
Other revenue																			5,955	5,955
Federal grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,788	4,788
	<u>2,250,825</u>	<u>454,229</u>	<u>184,667</u>	<u>43,811</u>	<u>34,137,016</u>	<u>1,372,397</u>	<u>144,177</u>	<u>121,082</u>	<u>218,296</u>	<u>184,768</u>	<u>71,423</u>	<u>64,500</u>	<u>7,776,267</u>	<u>402,182</u>	<u>6,000</u>	<u>219,309</u>	<u>438,394</u>	<u>57,281</u>	<u>107,153</u>	<u>48,253,778</u>
Expenses:																				
Salaries and benefits	1,891,925	7,099	7,099			995,257	126,264	96,967	171,855	156,639	62,625	7,555	-	219,152	-	10,000	255,685	51,336		4,059,458
MCSS/MCYS other fiscal costs	-	446,530	177,433	43,811	34,137,016		6,841		27,189	3,000			7,776,267	136,269	6,000	207,438		379		42,968,173
Other operating costs	358,900	600	135			377,141	11,072	24,115	19,252	25,129	8,798	56,945		46,761		1,871	182,709	5,566		1,118,994
CAS/F & CS																			67,654	67,654
WrapAround Services																			28,756	28,756
Other program costs																			2,757	2,757
Summer employment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,788	4,788
	<u>2,250,825</u>	<u>454,229</u>	<u>184,667</u>	<u>43,811</u>	<u>34,137,016</u>	<u>1,372,397</u>	<u>144,177</u>	<u>121,082</u>	<u>218,296</u>	<u>184,768</u>	<u>71,423</u>	<u>64,500</u>	<u>7,776,267</u>	<u>402,182</u>	<u>6,000</u>	<u>219,309</u>	<u>438,394</u>	<u>57,281</u>	<u>103,955</u>	<u>48,250,580</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>3,198</u>	<u>3,198</u>