

COMMUNITY SERVICES COORDINATION

NETWORK (ONTARIO)

FINANCIAL STATEMENTS

MARCH 31, 2021

INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the accompanying financial statements of Community Services Coordination Network (Ontario), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Community Services Coordination Network (Ontario) as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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. Based on the straight-line method of depreciation and annual rates of 20% for assets, the surplus for the year should be increased by \$136,449 in 2021 and increased by \$14,566 in 2020, capital assets and net assets should be increased by \$255,061 in 2021 and \$118,612 in 2020. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified because of the effects of this departure from Canadian accounting standards for not-for-profit organizations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Community Services Coordination Network (Ontario) 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing Community Services Coordination Network (Ontario)'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 Community Services Coordination Network (Ontario) or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Community Services Coordination Network (Ontario)'s financial reporting process.

Cont'd

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibility 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Community Services Coordination Network (Ontario)'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 Community Services Coordination Network (Ontario)'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Community Services Coordination Network (Ontario) 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 those charged with governance 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.

London, Ontario
June 23, 2021

Marcus & Associates LLP
Chartered Professional Accountants
Licensed Public Accountants


COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and bank term deposits (Note 2)	\$ 4,128,267	\$ 3,210,590
Accounts receivable (Note 3)	163,156	191,777
Prepaid expenses and deposits	<u>47,120</u>	<u>63,273</u>
	<u>\$ 4,338,543</u>	<u>\$ 3,465,640</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Current Liabilities:		
Accounts payable and accrued liabilities (Note 4)	\$ 2,752,261	\$ 1,886,394
Due to MCCSS (Note 5)	242,645	743,168
Due to MOH (Note 5)	<u>12,516</u>	<u>-</u>
	3,007,422	2,629,562
Deferred Revenue (Note 6)	<u>811,489</u>	<u>521,865</u>
Total Liabilities	<u>3,818,911</u>	<u>3,151,427</u>
Fund Balances:		
Unrestricted	12,267	(113,126)
Internally restricted	<u>507,365</u>	<u>427,339</u>
	<u>519,632</u>	<u>314,213</u>
	<u>\$ 4,338,543</u>	<u>\$ 3,465,640</u>

Approved By The Board Of Directors:

 Director

 Director

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue:		
MCCSS Service contracts (Note 5)	\$ 14,363,576	\$ 14,230,529
MOH Service contracts (Note 5)	410,701	-
CAS/F&CS	163,900	102,882
Wraparound services	52,516	23,402
Other revenue	<u>99,830</u>	<u>21,466</u>
	<u>15,090,523</u>	<u>14,378,279</u>
Expenses:		
Salaries and benefits	5,083,406	5,014,766
Other operating costs	903,492	1,041,339
MCCSS and MOH other project costs	8,787,379	8,174,424
CAS/F&CS	91,147	102,882
Wraparound services	266	23,402
Other program costs	<u>19,414</u>	<u>14,477</u>
	<u>14,885,104</u>	<u>14,371,290</u>
Excess Of Revenue Over Expenses For The Year	<u>\$ 205,419</u>	<u>\$ 6,989</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>			<u>2020</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Internally</u> <u>Restricted</u>	<u>Total</u>	
Fund Surplus (Deficiency) At Beginning Of The Year	\$ <u>(113,126)</u>	\$ <u>427,339</u>	\$ <u>314,213</u>	\$ <u>307,224</u>
Add (Deduct):				
Excess of revenue over expenses for the year	200,393	5,026	205,419	6,989
Interfund transfers [Note 1(b)]	<u>(75,000)</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
	<u>125,393</u>	<u>80,026</u>	<u>205,419</u>	<u>6,989</u>
Fund Surplus At End Of The Year	\$ <u><u>12,267</u></u>	\$ <u><u>507,365</u></u>	\$ <u><u>519,632</u></u>	\$ <u><u>314,213</u></u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Excess of revenue over expenses	\$ 205,419	\$ 6,989
Changes in non-cash working capital:		
Decrease (increase) in:		
Accounts receivable	28,621	4,786,462
Prepaid expenses and deposits	16,153	(35,704)
Increase (decrease) in:		
Accounts payable and accrued liabilities	377,860	(3,878,265)
Deferred revenue	<u>289,624</u>	<u>(26,058)</u>
Net Increase In Cash During The Year	917,677	853,424
Cash And Bank Term Deposits At Beginning Of The Year	<u>3,210,590</u>	<u>2,357,166</u>
Cash And Bank Term Deposits At End Of The Year	<u>\$ 4,128,267</u>	<u>\$ 3,210,590</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

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 Children, Community and Social Services ("MCCSS") and by the Ontario Ministry of Health ("MOH"). 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 MCCSS and MOH. 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 Ministry with respect to the period ended March 31, 2021.

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.

In February 2019, The Board of Directors approved an additional transfer of \$100,000 from deferred revenue resources.

In April 2020, The Board of Directors approved an additional transfer of \$75,000.

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.

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

MARCH 31, 2021

NOTES - PAGE 2

1. Accounting Policies (Cont'd):

c) Capital Assets:

Capital assets are expensed in the year of acquisition. The statement of revenues and expenses includes capital expenditures of \$221,293 (2020 - \$91,947).

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. Significant estimates and assumptions include the estimated useful lives of capital assets.

2. Cash:

	<u>2021</u>	<u>2020</u>
Internally restricted	\$ 507,365	\$ 427,339
Unrestricted	<u>3,620,902</u>	<u>2,783,251</u>
	<u>\$ 4,128,267</u>	<u>\$ 3,210,590</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

MARCH 31, 2021

NOTES - PAGE 3

3. Accounts Receivable:

	<u>2021</u>	<u>2020</u>
MCCSS	\$ 4,454	\$ 88,318
Government of Canada	116,902	58,385
Other	<u>41,800</u>	<u>45,074</u>
	<u>\$ 163,156</u>	<u>\$ 191,777</u>

4. Accounts Payable:

	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 981,634	\$ 932,914
Accrued liabilities	<u>1,770,627</u>	<u>953,480</u>
	<u>\$ 2,752,261</u>	<u>\$ 1,886,394</u>

Included in accrued liabilities during the year are amounts owing to MCCSS for:

F2018	\$ 547,278	\$ 547,278
F2019	275,418	275,418
F2020	<u>743,167</u>	<u>-</u>
Total	<u>\$ 1,565,863</u>	<u>\$ 822,696</u>

5. MCCSS & MOH Service Contract - Schedule 1:

CSCN has a service contract with MCCSS and MOH. A reconciliation report submitted to the Ministries, summarizes, by component code, all revenues and expenditures and identifies any resulting surplus/deficit positions as at March 31, 2021.

The following component programs have incurred a surplus:

E661	Child Welfare - Community and Prevention Supp.	\$ 1,370
E701	Autism	53,452
E704	Complex Special Needs	39,147
E705	Coordinated Service Planning	67,635
F600	DSRS - Adults' Community Accomodation	57,417
F605	Adult's DS Community Support Services	3,619
F608	Children's DS Community Support Services	<u>20,005</u>
Total MCCSS		<u>\$ 242,645</u>
A351	CYMH Family Capacity Building and Supp.	8,315
A352	CYMH Coordinated Access and Intake	<u>4,201</u>
Total MOH		<u>\$ 12,516</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

MARCH 31, 2021

NOTES - PAGE 4

6. Deferred Revenue:

Deferred revenue for March 31, 2021 represents both Ministry and non-Ministry related funds related to expenses of future periods. Changes in the deferred balance are as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	\$ 521,866	\$ 547,923
Add amounts received during the year:		
MCCSS - DSO & Passport Programs	4,283,226	-
Wraparound donations and partners	340	2,463
Interest earned	10,794	4,764
Other non-MCCSS programs	<u>111,546</u>	<u>104,511</u>
	<u>4,927,772</u>	<u>659,661</u>
Less amounts recognized as revenue in the year:		
MCCSS - DSO & Passport Programs	3,796,271	-
Wraparound donations and partners	52,516	23,402
Interest earned	38,825	11,512
Other non-MCCSS programs	<u>219,877</u>	<u>102,882</u>
	<u>4,107,489</u>	<u>137,796</u>
Less amounts repaid during the year:		
Other non-MCCSS programs	<u>8,794</u>	<u>-</u>
	<u>\$ 811,489</u>	<u>\$ 521,865</u>

Due to the on-going COVID-19 pandemic, MCCSS has approved of a one-time carryover from the 2020/2021 Ministry funding to the 2021/2022 expenditure for the purpose of mitigating the impact of the COVID-19 pandemic on the DS Application Entity and Passport Agency programs of up to \$503,000. As of March 31, 2021, CSCN has deferred \$486,955 of Ministry funding for these two programs into the following fiscal year.

7. 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.

8. 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, 2021 the organization has met its objective of having sufficient liquid resources to meet its current obligations.

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

MARCH 31, 2021

NOTES - PAGE 5

(Unaudited)

9. Lease Commitments:

The Organization has commitments under operating leases for office space for various periods through November, 2024. The minimum annual payments for the next five years are:

2022	\$ 412,078
2023	365,746
2024	218,252
2025	56,675
2026	<u>30,184</u>
	<u>\$ 1,082,935</u>

10. Economic Dependence:

The Organization's major sources of revenue are derived from the Ontario Ministry of Children, Community and Social Services (MCCSS); therefore, its ability to continue viable operations is dependent upon maintaining its government funding.

MCCSS represents approximately 95% (2020 - 99%) of total revenue.

11. COVID-19 Global Pandemic:

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel corona virus ("COVID-19") as a pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Organization in future years.

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)
STATEMENT OF OPERATIONS BY SERVICE CONTRACT

Component Code	March 31, 2021											Total	
	MOH CYMR Family Capacity Building and Support A351	MOH CYMR Coordinated Access and Intake A352	MCCSS Child Welfare Community and Prevention Supports E661	MCCSS Arbitrator E701	MCCSS Special Needs Counselor E704	MCCSS CRRF E704	MCCSS Paradeise Pay E704	MCCSS Coordinated Service Planning E705	MCCSS Adults, Community Accommodation E600	MCCSS Adults DS Community Support Services E605	MCCSS Children's DS Community Support Services E608		Non MCCSS Operations
Revenues:													
MCCSS service contracts													14,363,376
MOH Service contracts	220,896	189,805	127,234	171,857	7,698,360	85,549	81,679	1,172,465	936,781	3,836,463	253,088	163,900	
CASF & CS												52,516	
Wrap/Arround Services												99,830	
Other revenue													
Federal Grants	220,896	189,805	127,234	171,857	7,698,360	85,549	81,679	1,172,465	936,781	3,836,463	253,088	316,246	
Expenses:													15,090,223
Salaries and benefits	170,428	168,029	99,016	10,000	232,853			1,039,077	14,900	3,145,898	202,415	6,083,206	
MCCSS and MOH other fiscal costs	27,065		25,364	161,857	7,441,788	85,549	81,679		921,981	42,177		2,772,799	
Other operating costs	21,432	21,776	2,954		23,719			133,389		647,748	50,473	913,022	
CASF & CS												91,147	
Wrap/Arround Services												266	
Other program costs												19,414	
Summer employment	220,896	189,805	127,234	171,857	7,698,360	85,549	81,679	1,172,465	936,781	3,836,463	253,088	110,827	
Excess of Expenses Over Revenues			0			0	0					205,419	

This summary is compiled per two statements provided by Anglia (see TAB 2 and TAB 3). This information is then imputed to the statement of operations on the financial statement.