

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

Financial Statements

Year Ended March 31, 2022



MARCUS &
ASSOCIATES
CHARTERED PROFESSIONAL ACCOUNTANTS

HOARE •
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directorss of Community Services Coordination Network (Ontario)

Qualified Opinion

We have audited the financial statements of Community Services Coordination Network (Ontario) (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenditures, 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 the Organization as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

The Organization's capital assets have been expensed in the statement of revenues and expenditures, which constitutes a departure from ASNPO. 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 \$159,702 in 2022 and increased by \$136,449 in 2021, capital assets and net assets should be increased by \$303,555 in 2022 and increased by \$255,061 in 2021. Our audit opinion on the financial statements for the year ended March 31, 2022 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with 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 audit 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 ASNPO, 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 the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities 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 auditor's 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:

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Independent Auditor's Report to the Board of Directorss of Community Services Coordination Network (Ontario)
(continued)

- 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 the Organization'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 the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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 22, 2022

Marcus & Associates LLP
Chartered Professional Accountants
Licensed Public Accountants

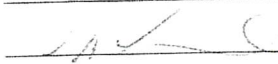
COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)
Statement of Financial Position
As at March 31, 2022

	2022	2021
ASSETS		
Current Assets:		
Cash and bank term deposits <i>(Note 3)</i>	\$ 4,397,190	\$ 4,128,267
Accounts receivable <i>(Note 4)</i>	125,717	163,156
Prepaid expenses and deposits	29,256	47,120
	\$ 4,552,163	\$ 4,338,543
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts payable and accrued liabilities <i>(Note 5)</i>	\$ 3,000,757	\$ 2,752,261
Due to MCCSS <i>(Note 6)</i>	348,788	242,645
Due to MOH <i>(Note 6)</i>	1,594	12,516
	3,351,139	3,007,422
Deferred Revenue <i>(Note 7)</i>	553,421	811,489
Total Liabilities	3,904,560	3,818,911
Fund balances	647,603	519,632
	\$ 4,552,163	\$ 4,338,543

ON BEHALF OF THE BOARD

 Director

June 29 2022 Date

 Director

June 30, 2022 Date

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

Statement of Revenues and Expenditures

Year Ended March 31, 2022

	2022	2021
Revenue:		
MCCSS Service contracts <i>(Note 6)</i>	\$ 15,334,146	\$ 14,363,576
MOH Service contracts <i>(Note 6)</i>	442,823	410,701
CAS/F & CS	161,809	163,900
Wraparound services	17,149	52,516
Other revenue	35,512	99,830
	<u>15,991,439</u>	<u>15,090,523</u>
Expenses:		
Salaries and benefits	5,718,750	5,083,406
MCCSS and MOH other project costs	9,247,394	8,787,379
Other operating costs	810,827	903,492
CAS/F & CS	65,578	91,147
Wraparound services	10,950	266
Other program costs	9,969	19,414
	<u>15,863,468</u>	<u>14,885,104</u>
Excess of Revenue Over Expenses For The Year	<u>\$ 127,971</u>	<u>\$ 205,419</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)
Statement of Changes in Fund Balances
For The Year Ended March 31, 2022

	2021 Balance	Excess of revenue over expenses	Contributions	Withdrawals	2022 Balance
Unrestricted	\$ 12,267	\$ 125,943	\$ -	\$ -	\$ 138,210
Internally Restricted	507,365	2,028	-	-	509,393
	<u>\$ 519,632</u>	<u>\$ 127,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,603</u>
	2020 Balance	Excess of revenue over expenses	Contributions	Withdrawals	2021 Balance
Unrestricted	\$ (113,126)	\$ 200,393	\$ -	\$ (75,000)	\$ 12,267
Internally Restricted	427,339	5,026	75,000	-	507,365
	<u>\$ 314,213</u>	<u>\$ 205,419</u>	<u>\$ 75,000</u>	<u>\$ (75,000)</u>	<u>\$ 519,632</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

Statement of Cash Flows

Year Ended March 31, 2022

	2022	2021
Operating Activities:		
Excess of revenue over expenditures	\$ 127,971	\$ 205,419
Changes in non-cash working capital:		
Accounts receivable	37,439	28,621
Prepaid expenses and deposits	17,864	16,153
Accounts payable and accrued liabilities	248,496	865,867
Deferred revenue	(258,068)	289,624
Due to MOH	(10,922)	12,516
Due to MCCSS	106,143	(500,523)
	<u>140,952</u>	<u>712,258</u>
Increase In Cash Flow	268,923	917,677
Cash and bank term deposits - Beginning Of Year	<u>4,128,267</u>	<u>3,210,590</u>
Cash and bank term deposits - End Of Year	<u>\$ 4,397,190</u>	<u>\$ 4,128,267</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

Notes to Financial Statements

Year Ended March 31, 2022

1. 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.

2. 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:

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, 2022.

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.

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.

Capital Assets:

Capital assets are expensed in the year of acquisition. The statement of revenues and expenses includes capital expenditures of \$110,086 (2021 - \$221,293).

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COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

Notes to Financial Statements

Year Ended March 31, 2022

2. ACCOUNTING POLICIES: (continued)

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.

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.

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 accrued liabilities and deferred revenue.

3. CASH:

	<u>2022</u>	<u>2021</u>
Internally restricted	\$ 509,394	\$ 507,365
Unrestricted	<u>3,887,796</u>	<u>3,620,902</u>
	<u>\$ 4,397,190</u>	<u>\$ 4,128,267</u>

Included in the Unrestricted amounts above are bank term deposits totalling \$2,334,960 (\$1,327,519 in 2021).

4. ACCOUNTS RECEIVABLE:

	<u>2022</u>	<u>2021</u>
MCCSS	\$ 13,865	\$ 4,454
Government of Canada	106,111	116,902
Other	<u>5,741</u>	<u>41,800</u>
	<u>\$ 125,717</u>	<u>\$ 163,156</u>

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

Notes to Financial Statements

Year Ended March 31, 2022

5. ACCOUNTS PAYABLE:

	<u>2022</u>		<u>2021</u>
Accounts payable	\$ 975,122	\$	981,634
Accrued liabilities	<u>2,025,645</u>		<u>1,770,627</u>
	\$ <u>3,000,767</u>	\$	\$ <u>2,752,261</u>

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

F2018		\$ 547,278	\$
547,278			
F2019			275,418
275,418			
F2020			743,167
743,167			
F2021		<u>255,161</u>	<u>-</u>
Total		\$ <u>1,821,024</u>	\$
<u>1,565,863</u>			

6. 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, 2022.

The following component programs have incurred a surplus:

		<u>2022</u>
<u>MCCSS</u>		
E661	Child Welfare - Community and Prevention Supp.	2,566
E701	Autism	13,747
E704	Complex Special Needs	48,533
E705	Coordinated Service Planning	67,995
F600	DSRS - Adults' Community Accomodation	195,313
F608	Children's DS Community Support Services	<u>20,634</u>
Total MCCSS		\$ <u>348,788</u>
<u>MOH</u>		
A351	CYMH Family Capacity Building and Supp.	\$ 748
A352	CYMH Coordinated Access and Intake	<u>846</u>
Total MOH		\$ <u>1,594</u>

7. DEFERRED REVENUE:

Deferred revenue for March 31, 2022 represents both Ministry and non-Ministry related funds related to expenses of future periods. Changes in the deferred balance are as follows:

2022	2021
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COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

Notes to Financial Statements

Year Ended March 31, 2022

7. DEFERRED REVENUE: (continued)

	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	\$ 811,489	\$ 521,866
<i>Add: amounts received during the year</i>		
MCCSS - DSO & Passport Programs	4,266,497	4,283,226
Wraparound donations and partners	148	340
Interest earned	2,663	10,794
Other non-MCCSS programs	65,512	111,546
ADR - link	7,186	-
	<u>5,153,495</u>	<u>4,927,772</u>
<i>Less: amounts recognized as revenue in the year:</i>		
MCCSS - DSO & passport programs	(4,385,775)	(3,796,271)
Wraparound donations and partners	(17,297)	(52,516)
CAS & F&CS	(161,703)	-
Interest earned	(7,186)	(38,825)
Other non-MCCSS programs	(28,113)	(219,877)
	<u>(4,600,074)</u>	<u>(4,107,489)</u>
<i>Less: amounts repaid during the year</i>		
Other non-MCCSS programs	-	(8,794)
	<u>\$ 553,421</u>	<u>\$ 811,489</u>

Due to the on-going COVID-19 pandemic, MCCSS has approved of a one-time carryover from the 2021/2022 Ministry funding to the 2022/2023 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 \$386,000. As of March 31, 2022, CSCN has deferred \$367,677 of Ministry funding for these two programs into the following fiscal year.

8. 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.

9. 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, 2022 the organization has met its objective of having sufficient liquid resources to meet its current obligations.

COMMUNITY SERVICES COORDINATION NETWORK (ONTARIO)

Notes to Financial Statements

Year Ended March 31, 2022

10. LEASE COMMITMENTS

The Organization has commitments under operating leases for office space for various periods through November, 2027. The minimum annual payments for the next five years are:

2023	\$	401,264
2024		329,006
2025		80,297
2026		80,297
2027		<u>53,483</u>
	<u>\$</u>	<u>944,347</u>

11. 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 96% (2021 - 95%) of total revenue.

12. 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

March 31, 2022

Component Code	MOH CYMH Family Capacity Building and Support (A351)	MOH CYMH Coordinated Access and Intake (A352)	MCCSS Child Welfare - Community and Prevention Supports E661	MCCSS Autism E701	MCCSS Complex Special Needs E704	MCCSS Coordinated Service Planning E705	MCCSS DSRS - Adults' Community Accommodation F600	MCCSS Adults' DS Community Support Services F605	MCCSS DS Self-Managed Support - Directed F605	MCCSS Children's DS Community Support Services F608	Non-MCCSS Operations	Total
Revenues:												
MCCSS service contracts			68,857	211,562	8,487,845	1,262,106	621,731	2,575,983	1,853,604	252,459	-	15,334,146
MOH service contracts	249,663	193,160									161,809	442,823
CAS/F & CS											17,149	161,809
Wrap/Around Services											35,512	17,149
Other revenue												35,512
Federal grants	249,663	193,160	68,857	211,562	8,487,845	1,262,106	621,731	2,575,983	1,853,604	252,459	214,470	15,991,439
Expenses:												
Salaries and benefits	217,322	180,349	68,762	9,894	239,597	1,159,208	14,664	2,133,956	1,459,748	235,250	-	5,718,750
MCCSS and MOH other fiscal costs	30,891	-	-	201,668	8,235,953		607,067	168,954		2,861		9,247,394
Other operating costs	1,450	12,811	95	-	12,295	102,898	-	273,073	393,856	14,348		810,825
CAS/F & CS											65,580	65,580
Wrap/Around Services											10,950	10,950
Other program costs											9,969	9,969
Summer employment												
Excess of Expenses Over Revenues	-	-	-	-	-	-	-	-	-	-	127,971	127,971