

**Catulpa Community
Support Services Inc.
Financial Statements**
For the year ended March 31, 2016

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Independent Auditor's Report

To the Members and Board of Directors of Catulpa Community Support Services Inc.

We have audited the accompanying financial statements of Catulpa Community Support Services Inc., which comprise the statement of financial position as at March 31, 2016, and the statements of revenues and expenses, changes in net assets and 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 based on the financial reporting provisions as defined by the Ministry of Children and Youth Services as described in note 1.

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 defined by the Ministry of Children and Youth Services as described in note 1; this includes the determination that the basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, 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 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 Catulpa Community Support Services Inc. as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions as defined by the Ministry of Children and Youth Services.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Catulpa Community Support Services Inc. to comply with the reporting requirements of the Ministry of Children and Youth Services referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the members and the Board of Directors of Catulpa Community Support Services Inc., the Ministry of Community and Social Services and the Ministry of Children and Youth Services and should not be distributed or used by parties other than the members and the Board of Directors of Catulpa Community Support Services Inc., the Ministry of Community and Social Services and the Ministry of Children and Youth Services.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 13 and 14 of the corporation's financial statements.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 11, 2016

**Catulpa Community Support Services Inc.
Statement of Financial Position**

March 31	2016	2015
Assets		
Current		
Cash and short-term investments - operating fund (note 2)	\$ 2,733,980	\$ 2,358,233
- reserve fund (note 2)	24,643	24,350
Due from Province of Ontario - MCSS/MCYS	619,859	640,224
Accounts receivable	140,308	61,974
HST receivable	118,056	113,962
Prepaid expenses	20,243	21,802
Due from Newpath Youth and Family Counselling	14,883	21,250
	<u>3,671,972</u>	<u>3,241,795</u>
Restricted Asset		
Cash and short-term deposit (note 4)	50,000	50,000
	<u>\$ 3,721,972</u>	<u>\$ 3,291,795</u>

Liabilities and Equity

Current		
Accounts payable and accrued liabilities	\$ 3,265,854	\$ 2,825,477
Government remittances payable	8,579	6,181
Deferred revenue (note 3)	318,243	345,254
	<u>3,592,676</u>	<u>3,176,912</u>
Commitments (note 8)		
Net Assets		
Endowment fund (note 6)	50,000	50,000
Internally restricted discretionary capital fund (note 5)	24,643	23,923
Unrestricted	54,653	40,960
	<u>129,296</u>	<u>114,883</u>
	<u>\$ 3,721,972</u>	<u>\$ 3,291,795</u>

On behalf of the Board:



Director



Director

The accompanying notes are an integral part of these financial statements

**Catulpa Community Support Services Inc.
Statement of Revenues and Expenses**

For the year ended March 31	2016	2015
Revenues		
Province of Ontario - MCSS/MCYS	\$ 30,928,629	\$ 27,873,357
County of Simcoe	1,123,732	1,093,235
Expenditure recoveries	708,039	144,832
Government of Canada	662,210	662,210
Children's Treatment Network	44,113	79,728
Interest income	22,105	19,146
Other revenue	8,905	30,975
	<u>33,497,733</u>	<u>29,903,483</u>
Expenses		
Purchased services	27,895,314	24,374,001
Salaries	3,545,597	3,411,659
Benefits	851,142	791,165
Building occupancy	356,729	404,508
Travel	226,671	227,075
Supplies, telephone and equipment rental	208,919	272,346
Equipment, furniture and technology	193,489	190,849
Program expenses	84,045	107,577
Staff training	73,522	60,430
Insurance	32,389	30,694
Bank charges	8,813	13,602
Program evaluation	5,000	5,000
Promotion	1,690	11,052
	<u>33,483,320</u>	<u>29,899,958</u>
Excess of revenues over expenses for the year	\$ 14,413	\$ 3,525

**Catulpa Community Support Services Inc.
Statement of Changes in Net Assets**

For the year ended March 31				2016	2015
	Endowment Fund	Internally Restricted - Discretionary Capital Fund	Unrestricted	Total	Total
	(note 6)	(note 5)			
Balance, beginning of year	\$ 50,000	\$ 23,923	\$ 40,960	\$ 114,883	\$ 111,358
Excess of revenues over expenses for the year	-	-	14,413	14,413	3,525
Interfund transfer	-	720	(720)	-	-
Balance, end of year	\$ 50,000	\$ 24,643	\$ 54,653	\$ 129,296	\$ 114,883

The accompanying notes are an integral part of these financial statements

Catulpa Community Support Services Inc.
Statement of Cash Flows

For the year ended March 31	2016	2015
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 14,413	\$ 3,525
Net change in non-cash working capital balances related to operations		
Due from Newpath Youth and Family Counselling	6,367	(20,292)
Accounts receivable	(78,334)	68,009
Due from Province of Ontario - MCSS/MCYS	20,365	(634,077)
HST receivable	(4,094)	(15,117)
Prepaid expenses	1,559	10,071
Accounts payable and accrued liabilities	442,775	767,312
Deferred revenue	(27,011)	(59,875)
Increase in cash and short-term investments during the year	376,040	119,556
Cash and short-term investments, beginning of year	2,432,583	2,313,027
Cash and short-term investments, end of year	\$ 2,808,623	\$ 2,432,583
Represented by		
Cash - operating fund	\$ 2,733,980	\$ 2,358,233
- reserve fund	24,643	24,350
Restricted cash and short-term deposit	50,000	50,000
	\$ 2,808,623	\$ 2,432,583

The accompanying notes are an integral part of these financial statements

Catulpa Community Support Services Inc.

Notes to the Financial Statements

For the year ended March 31, 2016

1. Significant Accounting Policies

Nature of Organization Catulpa Community Support Services Inc. is incorporated by letters patent without share capital under the laws of Ontario to provide a diverse range of social services within Simcoe County.

Basis of Accounting These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with guidance issued by the Ministry of Community and Social Services (MCSS) and Ministry of Children and Youth Services (MCYS). The basis of accounting used in these financial statements materially differs from accounting standards for not-for-profit organizations because:

(a) capital assets:

(i) capital expenses are charged to the statement of revenues and expenses in the year of expense rather than being capitalized on the balance sheet and amortized over their estimated useful lives on the basis that the Ministry of Community and Social Services and the Ministry of Children and Youth Services fund the purchase of capital assets on a cash basis; and

(b) accrued vacation pay is not recorded on the basis that the Ministry of Community and Social Services and the Ministry of Children and Youth Services fund vacation pay on a cash basis.

Except as noted above, the corporation's accounting policies are in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), which is one of the financial reporting frameworks in Canadian generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in accordance with the accounting principles required by the Ministry of Community and Social Services and the Ministry of Children and Youth Services requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimate used in the preparation of these financial statements is the fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

Catulpa Community Support Services Inc. Notes to the Financial Statements

For the year ended March 31, 2016

1. Significant Accounting Policies (continued)

Revenue Recognition	<p>The corporation follows the deferral method of accounting for contributions which includes grants and government subsidies.</p> <p>Operating revenue, including grants and subsidies, are recorded as revenue in the period to which they relate. Revenue earned but not received at the end of an accounting period is accrued. Where a portion of revenue relates to a future period, it is deferred and recognized in that future period.</p> <p>Unrestricted and internally restricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Endowment contributions are recognized as direct increases in net assets.</p> <p>Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.</p>
Income Taxes	<p>The corporation is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the Income Tax Act.</p>
Financial Instruments	<p>Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations, other than financial instruments related to endowment funds. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations, other than financial instruments related to endowment funds. Changes in fair value of financial instruments related to the endowment fund are recorded directly in net assets. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.</p>

Catulpa Community Support Services Inc. Notes to the Financial Statements

For the year ended March 31, 2016

2. Cash and Short-Term Investments

a) Operating fund

The corporation's bank account is held at a chartered bank. The bank account earns interest at the bank's prime rate less 1.90% for daily balances less than \$5 million and 0% on balances over \$5 million.

b) Reserve fund

The corporation's reserve fund bank account is held at a chartered bank. The bank account earns interest at a variable rate dependent on the monthly minimum balances.

c) Line of credit

The corporation has an unsecured line of credit with the Bank of Montreal. Interest is charged on outstanding amounts at the bank's prime rate plus 1.125%. The maximum authorized amount is \$200,000. The balance outstanding on this credit facility at March 31, 2016 is \$NIL (2015 - \$NIL).

3. Deferred Revenue

This amount represents funding received from various government agencies and other not-for-profit organizations for programs administered by the corporation. The funds are to be used to offset expenses incurred by the corporation on behalf of these programs.

4. Restricted Asset

The corporation's restricted cash is held at a chartered bank. The bank account earns interest at the bank's prime rate less 1.90% for daily balances less than \$5 million and 0% on balances over \$5 million.

	2016	2015
Cash	\$ 50,000	\$ -
Guaranteed Investment Certificate, 1.95%, due October 23, 2015	-	50,000
	<u>\$ 50,000</u>	<u>\$ 50,000</u>

Catulpa Community Support Services Inc. Notes to the Financial Statements

For the year ended March 31, 2016

5. Internally Restricted Net Assets

The board of directors has established a discretionary capital reserve fund to provide funds for capital purchases. This internally restricted amount is not available for other purposes without the approval of the board of directors.

6. Endowment Fund

	2016	2015
Post Bursary fund	\$ 50,000	\$ 50,000

The Post Bursary fund was established from the proceeds of a life insurance policy from a former employee. The principal is to be maintained permanently and the income earned on these funds is to be used for educational expenses for employees of the corporation.

7. Funding Adjustments

Several of the corporation's programs are funded by external agencies, including the Ministry of Community and Social Services (MCSS); the Ministry of Children and Youth Services (MCYS); the County of Simcoe and the Government of Canada. Any adjustments to prior years' funding resulting from a review of the programs by these agencies are recorded in the period in which written confirmation is received.

8. Commitments

The corporation operates from leased office space in Alliston, Barrie, Collingwood, Lindsay, Newmarket Orillia, Peterborough and Whitby. These leases have varying expiry dates ranging from 2017 to 2024.

The minimum annual lease payments required under the terms of the leases for the next five fiscal years are as follows:

2017	\$ 206,530
2018	87,383
2019	85,273
2020	62,833
2021	39,864

Catulpa Community Support Services Inc. Notes to the Financial Statements

For the year ended March 31, 2016

9. Pension Plan

The corporation contributes funds to a defined contribution pension plan administered by Standard Life on behalf of its employees. Contributions made by the corporation in the current fiscal year amounted to \$159,415 (2015 - \$134,541) which has been included in benefits expense in the statement of revenues and expenses.

10. Economic Dependence

The corporation received 92% (2015 - 93%) of its revenue from the Ministry of Community and Social Services and the Ministry of Children and Youth Services.

11. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The corporation is also exposed to credit risk arising from its non-collection of its accounts receivable. The majority of the corporation's receivables are from government sources and the corporation works to ensure they meet all eligibility criteria in order to qualify to receive the funding.

Liquidity Risk

Liquidity risk is the risk that the corporation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the corporation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and government remittances payable.

There have been no changes to the corporation's financial instrument exposure from the prior year.

Catulpa Community Support Services Inc.
Schedule of Program Revenues and Expenses
(Unaudited)

For the year ended March 31, 2016

	Revenues	Other Revenues	Total Revenues	Salaries and Benefits	Client Services	Other Expenses	Allocated Central Admin	Total Expenses	Surplus (Deficit)
MCSS Programs									
Adult Respite Supports In Home Supports	\$ 211,867	\$ 2,800	\$ 214,667	\$ 49,159	\$ 136,158	\$ 9,310	\$ 20,040	\$ 214,667	\$ -
Adult Protective Service Workers	607,729	-	607,729	477,105	-	106,738	24,000	607,843	(114)
SCS Adults - Other	150,915	-	150,915	23,656	100,100	6,997	20,162	150,915	-
Respite Support Children - In Home Support	285,651	-	285,651	58,242	154,199	8,410	64,800	285,651	-
SCS - Children Service Coord. Case Management	422,063	44,113	466,176	341,622	-	70,595	54,000	466,217	(41)
Direct Self-Managed Supports - Adult	2,117,014	46,709	2,163,723	-	2,092,305	67,418	4,000	2,163,723	-
Direct Self-Managed Support - Passport	5,271,801	-	5,271,801	-	5,271,801	-	-	5,271,801	-
Direct Self-Managed Supports - Regional TAY	667,482	-	667,482	16,000	650,482	1,000	-	667,482	-
SCS - Adult Assessment and Counselling	107,887	17,254	125,141	69,758	33,938	11,485	9,960	125,141	-
CLS - Innovative Residential Supports	107,756	-	107,756	-	107,756	-	-	107,756	-
CPS - Adult Community Access Supports	322,210	400	322,610	238,304	-	37,280	47,026	322,610	-
Children Services CSN Care Case Manager	83,139	-	83,139	73,289	-	9,850	-	83,139	-
Central Administration	-	550,292	550,292	408,409	-	504,751	(362,800)	550,360	(68)
Coordination Direct Funding Support	118,811	-	118,811	-	-	-	118,811	118,811	-
Total MCSS Programs	\$10,474,325	\$ 661,568	\$11,135,893	\$ 1,755,544	\$ 8,546,739	\$ 833,834	\$ (1)	\$11,136,116	\$ (223)

Catulpa Community Support Services Inc.
Schedule of Program Revenues and Expenses (Continued)
(Unaudited)

For the year ended March 31, 2016

	Revenues		Total Revenues	Salaries and Benefits	Client Services	Other Expenses	Allocated Central Admin		Total Expenses	Surplus (Deficit)
	Revenues	Other Revenues					Admin	Admin		
MCYS Programs	\$19,920,974	\$ 452,508	\$20,373,482	\$ 953,532	\$18,751,722	\$ 323,628	\$ 344,600	\$20,373,482	\$ -	
Children's Complex Care										
Children's Case Coordination	116,310	-	116,310	69,983	27,997	18,330	-	116,310	-	
In and Out of Home Respite	59,000	946	59,946	-	52,582	7,364	-	59,946	-	
Community Capacity Building	293,973	7,002	300,975	231,997	-	39,578	29,400	300,975	-	
ASD Respite Services	7,500	-	7,500	7,500	-	-	-	7,500	-	
Total MCYS Programs	\$20,397,757	\$ 460,456	\$20,858,213	\$ 1,263,012	\$18,832,301	\$ 388,900	\$ 374,000	\$20,858,213	\$ -	

	Revenues		Total Revenues	Salaries and Benefits	Client Services	Other Expenses	Allocated Central Admin		Total Expenses	Surplus (Deficit)
	Revenues	Other Revenues					Admin	Admin		
Other Programs	\$ 19,547	\$ -	\$ 19,547	\$ -	\$ 16,801	\$ -	\$ 1,939	\$ 18,740	\$ 807	
Special Services at Home	672,914	9,043	681,957	512,287	2,162	117,468	50,040	681,957	-	
Early Intervention										
Social Assistance										
Restructuring	414,514	-	414,514	324,562	45,118	28,580	16,254	414,514	-	
Reinvestment Fund	662,210	-	662,210	486,962	17,827	137,413	20,008	662,210	-	
CAPC Programs	36,304	300	36,604	36,377	-	227	-	36,604	-	
FASD Programs										
Fundraising and Other Grants	68,010	96,878	164,888	17,993	85,529	47,537	-	151,059	13,829	
Total Other Programs	\$ 1,873,499	\$ 106,221	\$ 1,979,720	\$ 1,378,181	\$ 167,437	\$ 331,225	\$ 88,241	\$ 1,965,084	\$ 14,636	
Total Programs	\$32,745,581	\$ 1,228,245	\$33,973,826	\$ 4,396,737	\$27,546,477	\$ 1,553,959	\$ 462,240	\$33,959,413	\$ 14,413	