

**Catulpa Community
Support Services Inc.
Financial Statements**
For the year ended March 31, 2017

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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, 2017, 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, 2017, 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 12, 2017

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

March 31 **2017** **2016**

Assets

Current

Cash - operating fund (note 2)	\$ 2,171,565	\$ 2,733,980
- reserve fund (note 2)	25,163	24,643
Due from Province of Ontario - MCSS/MCYS	375,174	619,859
Accounts receivable	161,106	140,308
HST receivable	123,102	118,056
Prepaid expenses	191,061	20,243
Due from Newpath Youth and Family Counselling	93,721	14,883

3,140,892 3,671,972

Restricted Asset

Cash (note 4)	50,000	50,000
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\$ 3,190,892 \$ 3,721,972

Liabilities and Equity

Current

Accounts payable and accrued liabilities	\$ 2,579,412	\$ 3,265,854
Government remittances payable	66,836	8,579
Deferred revenue (note 3)	409,334	318,243

3,055,582 3,592,676

Commitments (note 8)

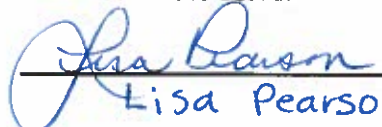
Net Assets


Endowment fund (note 6)	50,000	50,000
Internally restricted discretionary capital fund (note 5)	25,163	24,643
Unrestricted	60,147	54,653

135,310 129,296

\$ 3,190,892 \$ 3,721,972

On behalf of the Board:

 _____ Director
 Lisa Pearson

 _____ Director
 Brenda Hotton

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	2017	2016
Revenues		
Province of Ontario - MCSS/MCYS	\$ 32,226,135	\$ 30,928,629
County of Simcoe	1,149,362	1,123,732
Expenditure recoveries	598,255	708,039
Government of Canada	662,210	662,210
Children's Treatment Network	45,115	44,113
Interest income	148	22,105
Other revenue	15,061	8,905
	<u>34,696,286</u>	<u>33,497,733</u>
Expenses		
Purchased services	29,007,881	27,895,314
Salaries	3,703,105	3,545,597
Benefits	808,492	851,142
Building occupancy	392,859	356,729
Travel	234,332	226,671
Supplies, telephone and equipment rental	136,629	208,919
Equipment, furniture and technology	180,112	193,489
Program expenses	123,482	84,045
Staff training	59,946	73,522
Insurance	32,949	32,389
Bank charges	7,909	8,813
Program evaluation	1,040	5,000
Promotion	1,536	1,690
	<u>34,690,272</u>	<u>33,483,320</u>
Excess of revenues over expenses for the year	\$ 6,014	\$ 14,413

The accompanying notes are an integral part of these financial statements

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

For the year ended March 31				2017	2016
	Endowment Fund	Internally Restricted - Discretionary Capital Fund	Unrestricted	Total	Total
	(note 6)	(note 5)			
Balance, beginning of year	\$ 50,000	\$ 24,643	\$ 54,653	\$ 129,296	\$ 114,883
Excess of revenues over expenses for the year	-	-	6,014	6,014	14,413
Interfund transfer	-	520	(520)	-	-
Balance, end of year	\$ 50,000	\$ 25,163	\$ 60,147	\$ 135,310	\$ 129,296

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	2017	2016
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 6,014	\$ 14,413
Net change in non-cash working capital balances related to operations		
Due from Newpath Youth and Family Counselling	(78,838)	6,367
Accounts receivable	(20,798)	(78,334)
Due from Province of Ontario - MCSS/MCYS	244,685	20,365
HST receivable	(5,046)	(4,094)
Prepaid expenses	(170,818)	1,559
Accounts payable and accrued liabilities	(628,185)	442,775
Deferred revenue	91,091	(27,011)
Increase (decrease) in cash during the year	(561,895)	376,040
Cash, beginning of year	2,808,623	2,432,583
Cash, end of year	\$ 2,246,728	\$ 2,808,623
Represented by		
Cash - operating fund	\$ 2,171,565	\$ 2,733,980
- reserve fund	25,163	24,643
Restricted cash	50,000	50,000
	\$ 2,246,728	\$ 2,808,623

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, 2017

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, 2017

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, 2017

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, 2017 is \$NIL (2016 - \$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.

Catulpa Community Support Services Inc. Notes to the Financial Statements

For the year ended March 31, 2017

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

	2017	2016
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 2018 to 2026.

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

2018	\$ 330,819
2019	270,791
2020	248,351
2021	236,819
2022	226,697
Thereafter	962,468

Catulpa Community Support Services Inc. Notes to the Financial Statements

For the year ended March 31, 2017

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 \$162,206 (2016 - \$159,415) which has been included in benefits expense in the statement of revenues and expenses.

10. Economic Dependence

The corporation received 93% (2016 - 92%) 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, 2017

	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	\$ 3,225	\$ 215,092	\$ 37,639	\$ 148,944	\$ 7,455	\$ 21,054	\$ 215,092	\$ -
Adult Protective Service Workers	607,729	10,494	618,223	475,227	10,780	108,874	23,342	618,223	-
SCS Adults - Other	150,915	-	150,915	23,081	90,000	3,436	34,398	150,915	-
Respite Support Children - In Home Support	285,651	-	285,651	61,101	149,740	8,435	66,375	285,651	-
SCS - Children Service Coord. Case Management	422,063	45,115	467,178	376,700	573	78,495	11,410	467,178	-
Direct Self-Managed Supports - Adult	2,734,421	47,661	2,782,082	-	2,528,611	82,556	170,915	2,782,082	-
Direct Self-Managed Support - Passport	6,217,243	3,090	6,220,333	163,156	5,998,205	13,002	45,969	6,220,332	1
SCS - Adult Assessment and Counselling	107,887	224,126	332,013	69,375	244,854	7,785	10,000	332,014	(1)
CLS - Innovative Residential Supports	107,756	-	107,756	-	107,756	-	-	107,756	-
Children Services CSN Care Case Manager	83,139	-	83,139	71,403	-	11,736	-	83,139	-
Central Administration	-	209,289	209,289	468,930	(617)	648,593	(907,617)	209,289	-
Total MCSS Programs	\$10,928,671	\$ 543,000	\$11,471,671	\$ 1,746,612	\$ 9,278,846	\$ 970,367	\$ (524,154)	\$11,471,671	\$ -

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

For the year ended March 31, 2017

	Revenues	Other Revenues	Total Revenues	Salaries and Benefits	Client Services	Other Expenses	Allocated Central Admin	Total Expenses	Surplus (Deficit)
MCYS Programs									
Children's Complex Care	\$19,426,042	\$ 137,391	\$19,563,433	\$ 597,777	\$18,487,125	\$ 102,062	\$ 376,508	\$19,563,472	\$ (39)
Children's Complex Care - Admin	1,376,646	-	1,376,646	394,483	715,766	154,797	111,600	1,376,646	-
Children's Case Coordination	116,310	-	116,310	69,322	27,513	19,475	-	116,310	-
In and Out of Home Respite	59,000	-	59,000	35,359	15,295	8,347	-	59,001	(1)
Community Capacity Building	293,973	9,245	303,218	226,184	-	40,988	36,046	303,218	-
ASD Respite Services	7,500	-	7,500	7,500	-	-	-	7,500	-
Total MCYS Programs	\$21,279,471	\$ 146,636	\$21,426,107	\$ 1,330,625	\$19,245,699	\$ 325,669	\$ 524,154	\$21,426,147	\$ (40)

	Revenues	Other Revenues	Total Revenues	Salaries and Benefits	Client Services	Other Expenses	Allocated Central Admin	Total Expenses	Surplus (Deficit)
Other Programs									
Special Services at Home	\$ 18,017	\$ -	\$ 18,017	\$ -	\$ 18,017	\$ -	\$ -	\$ 18,017	\$ -
Early Intervention	705,659	19,107	724,766	588,034	196	86,682	49,854	724,766	-
Social Assistance Restructuring	443,703	-	443,703	354,270	30,052	45,381	14,000	443,703	-
Reinvestment Fund	662,210	-	662,210	488,963	22,852	134,394	16,000	662,209	1
CAPC Programs	-	3,093	3,093	3,093	-	-	-	3,093	-
FASD Programs	-	-	-	-	-	-	-	-	-
Fundraising and Other Grants	11,077	15,498	26,575	-	18,128	2,394	-	20,522	6,053
Total Other Programs	\$ 1,840,666	\$ 37,698	\$ 1,878,364	\$ 1,434,360	\$ 89,245	\$ 268,851	\$ 79,854	\$ 1,872,310	\$ 6,054
Total Programs	\$34,048,808	\$ 727,334	\$34,776,142	\$ 4,511,597	\$28,613,790	\$ 1,564,887	\$ 79,854	\$34,770,128	\$ 6,014