

**Catulpa Community
Support Services Inc.
Financial Statements**
For the year ended March 31, 2018

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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, 2018, 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, 2018, 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
May 28, 2018

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

March 31	2018	2017
Assets		
Current		
Cash - operating fund (note 2)	\$ 4,021,868	\$ 2,171,565
- reserve fund (note 2)	26,858	25,163
Due from Province of Ontario - MCSS/MCYS	553,727	375,174
Accounts receivable	143,661	254,827
HST receivable	108,255	123,102
Prepaid expenses	126,236	191,061
Due from Newpath Youth and Family Counselling	-	-
	<u>4,980,605</u>	<u>3,140,892</u>
Restricted Asset		
Cash (note 4)	50,000	50,000
	<u>\$ 5,030,605</u>	<u>\$ 3,190,892</u>

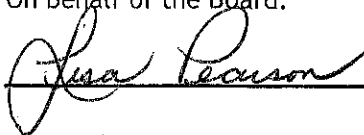
Liabilities and Equity

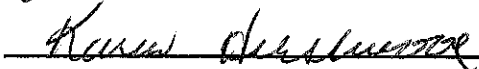
Current		
Accounts payable and accrued liabilities	\$ 4,350,846	\$ 2,579,412
Government remittances payable	83,244	66,836
Deferred revenue (note 3)	298,005	409,334
	<u>4,732,095</u>	<u>3,055,582</u>

Commitments (note 8)

Net Assets		
Endowment fund (note 6)	50,000	50,000
Internally restricted discretionary capital fund (note 5)	26,858	25,163
Unrestricted	221,652	60,147
	<u>298,510</u>	<u>135,310</u>
	<u>\$ 5,030,605</u>	<u>\$ 3,190,892</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	2018	2017
Revenues		
Province of Ontario - MCSS/MCYS	\$ 37,183,518	\$ 32,226,135
Government of Canada	662,210	662,210
County of Simcoe	618,967	1,149,362
Expenditure recoveries	688,412	643,370
Community Living Huronia	301,553	-
Other revenue	170,739	15,061
Children's Treatment Network	111,083	-
Kinark Child & Family Services	108,873	-
Interest income	876	148
	<u>39,846,231</u>	<u>34,696,286</u>
Expenses		
Purchased services	33,496,250	29,007,881
Salaries	3,960,477	3,703,105
Benefits	895,976	808,492
Building occupancy	446,869	392,859
Travel	247,135	234,332
Equipment, furniture and technology	185,720	180,112
Program expenses	176,709	123,482
Supplies, telephone and equipment rental	135,181	136,629
Staff training	98,903	59,946
Insurance	28,402	32,949
Bank charges	8,351	7,909
Promotion	2,928	1,536
Program evaluation	130	1,040
	<u>39,683,031</u>	<u>34,690,272</u>
Excess of revenues over expenses for the year	\$ 163,200	\$ 6,014

The accompanying notes are an integral part of these financial statements

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

<u>For the year ended March 31</u>				<u>2018</u>	<u>2017</u>
	Endowment Fund	Internally Restricted - Discretionary Capital Fund	Unrestricted	Total	Total
	(note 6)	(note 5)			
Balance, beginning of year	\$ 50,000	\$ 25,163	\$ 60,147	\$ 135,310	\$ 129,296
Excess of revenues over expenses for the year	-	-	163,200	163,200	6,014
Interfund transfer	-	1,695	(1,695)	-	-
Balance, end of year	\$ 50,000	\$ 26,858	\$ 221,652	\$ 298,510	\$ 135,310

The accompanying notes are an integral part of these financial statements

Catulpa Community Support Services Inc.
Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 163,200	\$ 6,014
Net change in non-cash working capital balances related to operations		
Due from Newpath Youth and Family Counselling	-	(78,838)
Accounts receivable	111,166	(20,798)
Due from Province of Ontario - MCSS/MCYS	(178,553)	244,685
HST receivable	14,847	(5,046)
Prepaid expenses	64,825	(170,818)
Accounts payable and accrued liabilities	1,787,842	(628,185)
Deferred revenue	(111,329)	91,091
Increase (decrease) in cash during the year	1,851,998	(561,895)
Cash, beginning of year	<u>2,246,728</u>	<u>2,808,623</u>
Cash, end of year	\$ 4,098,726	\$ 2,246,728
Represented by		
Cash - operating fund	\$ 4,021,868	\$ 2,171,565
- reserve fund	26,858	25,163
Restricted cash	<u>50,000</u>	<u>50,000</u>
	\$ 4,098,726	\$ 2,246,728

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, 2018

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, 2018

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, 2018

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, 2018 is \$NIL (2017 - \$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, 2018

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

	2018	2017
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:

2019	\$ 294,260
2020	253,753
2021	242,221
2022	232,099
2023	221,977
Thereafter	765,701

Catulpa Community Support Services Inc. Notes to the Financial Statements

For the year ended March 31, 2018

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 \$170,843 (2017 - \$162,206) which has been included in benefits expense in the statement of revenues and expenses.

10. Economic Dependence

The corporation received 94% (2017 - 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, 2018

	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	\$ 212,595	\$ 2,800	\$ 215,395	\$ 58,771	\$ 130,218	\$ 9,318	\$ 17,089	\$ 215,396	\$ (1)
Adult Protective Service Workers	609,856	600	610,456	513,608	(29,195)	111,113	14,931	610,457	(1)
SCS Adults - Other Respite Support Children - In Home Support	150,915	-	150,915	22,688	91,312	4,112	32,803	150,915	-
SCS - Children Service Coord. Case Management Direct Self-Managed Supports - Adult	286,651	-	286,651	83,638	126,668	12,032	64,313	286,651	-
Direct Self-Managed Support - Passport	424,638	15	424,653	300,093	-	77,579	46,982	424,654	(1)
SCS - Adult Assessment and Counselling	6,763,739	43,909	6,807,648	24,718	6,536,782	57,387	188,761	6,807,648	-
CLS - Innovative Residential Supports	7,377,764	2,617	7,380,381	164,355	7,146,259	28,025	41,742	7,380,381	-
CPS - Adult Community Access Supports	108,793	268,450	377,243	77,913	285,585	12,273	1,472	377,243	-
Children Services CSN Care Case Manager	82,594	-	82,594	-	74,838	-	7,756	82,594	-
Central Administration Coordination Direct Funding Support	465,247	-	465,247	178,486	-	255,732	31,029	465,247	-
One Time Repairs	83,139	-	83,139	71,721	-	11,418	-	83,139	-
	-	311,619	311,619	385,466	1,125	587,588	(662,560)	311,619	-
	101,707	-	101,707	83,891	-	8,422	9,394	101,707	-
	37,999	-	37,999	37,999	-	-	-	37,999	-
Total MCSS Programs	\$16,705,637	\$ 630,010	\$17,335,647	\$ 2,003,347	\$ 14,363,592	\$ 1,174,999	\$ (206,288)	\$17,335,650	\$ (3)

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

For the year ended March 31, 2018

	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	\$10,055,827	\$ 19,738	\$10,075,565	\$ 381,247	\$ 9,503,696	\$ 35,634	\$ 154,988	\$10,075,565	\$ -
Children's Complex Care - Admin	713,398	-	713,398	343,916	186,447	142,612	40,423	713,398	-
Children's Case Coordination	116,310	-	116,310	68,151	4,681	17,087	26,391	116,310	-
In and Out of Home Respite	59,000	-	59,000	206	51,115	7,679	-	59,000	-
Community Capacity Building	293,973	2,735	296,708	232,179	-	39,618	24,911	296,708	-
ASD Respite Services	7,500	-	7,500	7,500	-	-	-	7,500	-
Complex Special Needs - East Region	4,286,587	12,980	4,299,567	145,322	3,928,242	57,369	168,634	4,299,567	-
Complex Special Needs Enhancement - East Region	4,929,171	2,734	4,931,905	136,893	4,716,730	42,282	36,000	4,931,905	-
Total MCYS Programs	\$20,461,766	\$ 38,187	\$20,499,953	\$ 1,315,414	\$18,390,911	\$ 342,281	\$ 451,347	\$20,499,953	\$ -

	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	\$ 17,553	\$ 5,475	\$ 23,028	\$ -	\$ 23,028	\$ -	\$ -	\$ 23,028	\$ -
Early Intervention	469,225	8,367	477,592	408,402	-	44,206	24,984	477,592	-
Social Assistance Restructuring	451,295	-	451,295	389,021	27,042	21,227	14,005	451,295	-
Reinvestment Fund	662,210	-	662,210	457,461	23,976	160,461	20,388	662,286	(76)
CAPC Programs	245,056	-	245,056	117,217	-	127,839	-	245,056	-
Inclusive Recreation									
Fundraising and Other Grants	275,687	118,706	394,393	166,238	24,829	40,047	-	231,114	163,279
Total Other Programs	\$ 2,121,026	\$ 132,548	\$ 2,253,574	\$ 1,538,339	\$ 98,875	\$ 393,780	\$ 59,377	\$ 2,090,371	\$ 163,203
Total Programs	\$39,288,429	\$ 800,745	\$40,089,174	\$ 4,857,100	\$32,853,378	\$ 1,911,060	\$ 304,436	\$39,925,974	\$ 163,200