

**Catulpa Community
Support Services Inc.
Financial Statements**
For the year ended March 31, 2021

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Independent Auditor's Report

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

We have audited the financial statements of Catulpa Community Support Services Inc. (the organization), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions in the Transfer Payment Operating Funds - Basis of Accounting established by the Ministry of Children, Community and Social Services.

Basis for Opinion

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 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 opinion.

Emphasis of Matter - Basis of Accounting

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 financial reporting provisions in the Transfer Payment Operating Funds - Basis of Accounting established by the Ministry of Children, Community and Social Services. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 14 and 15 of the organization's financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions in the Transfer Payment Operating Funds - Basis of Accounting established by the Ministry of Children, Community and Social 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.

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:

- 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
May 31, 2021

Catulpa Community Support Services Inc. Statement of Financial Position

| | | |
|-----------------|-------------|-------------|
| March 31 | 2021 | 2020 |
|-----------------|-------------|-------------|

Assets

Current

| | | |
|---|--------------|--------------|
| Cash and short-term investments - operating fund (note 2) | \$ 3,073,993 | \$ 4,460,060 |
| - reserve fund (note 2) | 230,448 | 223,220 |
| Due from Province of Ontario - MCCSS | 631,545 | 107,621 |
| Accounts receivable | 76,772 | 176,066 |
| HST receivable | 129,050 | 231,968 |
| Prepaid expenses | 602,020 | 27,859 |
| | 4,743,828 | 5,226,794 |

Restricted Asset

| | | |
|---------------|--------------|--------------|
| Cash (note 4) | 50,000 | 50,000 |
| | \$ 4,793,828 | \$ 5,276,794 |

Liabilities and Net Assets

Current


| | | |
|--|--------------|--------------|
| Accounts payable and accrued liabilities | \$ 3,979,888 | \$ 4,448,735 |
| Government remittances payable | 66,123 | 104,813 |
| Deferred revenue (note 3) | 113,322 | 74,754 |
| | 4,159,333 | 4,628,302 |

Commitments (note 8)

Net Assets

| | | |
|---|--------------|--------------|
| Endowment fund (note 6) | 50,000 | 50,000 |
| Internally restricted discretionary capital fund (note 5) | 230,448 | 223,220 |
| Unrestricted | 354,047 | 375,272 |
| | 634,495 | 648,492 |
| | \$ 4,793,828 | \$ 5,276,794 |

On behalf of the Board:

 Director

 Director

Catulpa Community Support Services Inc. Statement of Revenues and Expenses

| For the year ended March 31 | 2021 | 2020 |
|---|--------------------|-------------------|
| Revenues | | |
| Province of Ontario - MCCSS | \$ 40,727,652 | \$ 34,362,638 |
| Government of Canada | 662,210 | 662,210 |
| Children's Treatment Network | 463,479 | 445,180 |
| County of Simcoe | 362,738 | 445,970 |
| Kinark Child & Family Services | 294,516 | 294,518 |
| Expenditure recoveries | 292,107 | 672,424 |
| Other revenue | 113,275 | 45,976 |
| | <u>42,915,977</u> | <u>36,928,916</u> |
| Expenses | | |
| Purchased services | 36,015,462 | 29,966,959 |
| Salaries | 4,356,535 | 4,440,713 |
| Benefits | 959,800 | 1,007,049 |
| Building occupancy | 575,155 | 519,674 |
| Equipment, furniture and technology | 560,410 | 258,489 |
| Program expenses | 192,346 | 134,583 |
| Supplies, telephone and equipment rental | 161,270 | 171,390 |
| Staff training | 51,751 | 66,739 |
| Insurance | 36,443 | 32,906 |
| Travel | 18,087 | 260,075 |
| Bank charges | 2,715 | 4,084 |
| Promotion | - | 9,634 |
| | <u>42,929,974</u> | <u>36,872,295</u> |
| Excess of revenues over expenses (expenses over revenues) for the year | \$ (13,997) | \$ 56,621 |

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 | | | | 2021 | 2020 |
|--|-------------------|---|--------------|------------|------------|
| | Endowment Fund | Internally Restricted - Discretionary Capital Fund | Unrestricted | Total | Total |
| | (note 6) | (note 5) | | | |
| Balance, beginning of year | \$ 50,000 | \$ 223,220 | \$ 375,272 | \$ 648,492 | \$ 591,871 |
| Excess of revenues over expenses (expenses over revenues) for the year | - | - | (13,997) | (13,997) | 56,621 |
| Interfund transfer | - | 7,228 | (7,228) | - | - |
| Balance, end of year | \$ 50,000 | \$ 230,448 | \$ 354,047 | \$ 634,495 | \$ 648,492 |

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 | 2021 | 2020 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Excess of revenues over expenses (expenses over revenues) for the year | \$ (13,997) | \$ 56,621 |
| Net change in non-cash working capital balances related to operations | | |
| Accounts receivable | 99,294 | 35,353 |
| Due from Province of Ontario - MCCSS | (523,924) | (105,599) |
| HST receivable | 102,918 | (90,812) |
| Prepaid expenses | (574,161) | (1,123) |
| Accounts payable and accrued liabilities | (507,537) | 1,644,128 |
| Deferred revenue | 38,568 | - |
| Increase (decrease) in cash during the year | (1,378,839) | 1,538,568 |
| Cash, beginning of year | 4,733,280 | 3,194,712 |
| Cash, end of year | \$ 3,354,441 | \$ 4,733,280 |
| Represented by | | |
| Cash - operating fund | \$ 3,073,993 | \$ 4,460,060 |
| - reserve fund | 230,448 | 223,220 |
| Restricted cash | 50,000 | 50,000 |
| | \$ 3,354,441 | \$ 4,733,280 |

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, 2021

1. Significant Accounting Policies

Nature of Organization Catulpa Community Support Services Inc. (the "organization") 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 Children, Community and Social Services (MCCSS). The basis of accounting used in these financial statements materially differs from accounting standards for not-for-profit organizations because:

(a) 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 Children, Community and Social 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 Children, Community and Social Services funds vacation pay on a cash basis.

Except as noted above, the organization'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 Children, Community and Social 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, 2021

1. Significant Accounting Policies (continued)

| | |
|------------------------------|---|
| Revenue Recognition | <p>The organization 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 organization 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, 2021

2. Cash and Short-Term Investments

a) Operating fund

The organization'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 organization'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 organization 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, 2021 is \$NIL (2020 - \$NIL).

3. Deferred Revenue

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

4. Restricted Asset

The organization'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.

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.

Catulpa Community Support Services Inc. Notes to the Financial Statements

For the year ended March 31, 2021

6. Endowment Fund

| | 2021 | 2020 |
|-------------------|-----------|-----------|
| 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 organization's programs are funded by external agencies, including the Ministry of Children, Community and Social Services (MCCSS); 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 organization operates from leased office space in Alliston, Barrie, Collingwood, Lindsay, Newmarket, Orillia, Peterborough and Whitby. These leases have varying expiry dates ranging from 2022 to 2029.

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

| | |
|------------|------------|
| 2022 | \$ 447,658 |
| 2023 | 414,028 |
| 2024 | 393,696 |
| 2025 | 336,998 |
| 2026 | 283,585 |
| Thereafter | 296,724 |

9. Pension Plan

The organization contributes funds to a defined contribution pension plan administered by Standard Life on behalf of its employees. Contributions made by the organization in the current fiscal year amounted to \$182,524 (2020 - \$179,560) which has been included in benefits expense in the statement of revenues and expenses.

Catulpa Community Support Services Inc. Notes to the Financial Statements

For the year ended March 31, 2021

10. Economic Dependence

The organization received 95% (2020 - 93%) of its revenue from the Ministry of Children, Community and Social 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 organization 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 organization 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 organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization 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 organization's financial instrument exposure from the prior year.

Catulpa Community Support Services Inc. Notes to the Financial Statements

For the year ended March 31, 2021

12. COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. On March 17, 2020 and again on January 14, 2021, the province of Ontario declared a state of emergency and ordered the closure of many establishments. Early in the pandemic, the organization had transitioned primarily to virtual service delivery and only provided face-to-face visits when clients' needs could not be met virtually and when the appropriate safety protocols were in place to protect their clients, staff and partners.

In addition, additional funding has been received from the Ministry of Children, Community and Social Services, to assist the organization with related COVID-19 expenditures. The Ministry has implemented a financial flexibility program to shift funding within transfer payment organizations and programs to support the agencies and their people during the pandemic. The financial flexibility program has been extended until the end of the 2021-2022 year.

Subsequent to year end, on April 8, 2021, the province of Ontario declared another stay-at-home order. If the impacts of COVID-19 continue, there could be impacts on the organization and the clients and families it serves, suppliers and other third party business associates that may impact the timing and delivery of services and funding amounts received by the Ministry. At this time, the full potential impact of COVID-19 on the organization is not known.

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

For the year ended March 31, 2021

| | Revenues | Other Revenues | Total Revenues | Salaries and Benefits | Purchased Services | Other Expenses | Allocated Central Admin | Total Expenses | Surplus (Deficit) |
|-------------------------------------|---------------------|-------------------|---------------------|-----------------------|----------------------|---------------------|-------------------------|---------------------|-------------------|
| MCSS Programs | | | | | | | | | |
| SCS - Children Service | | | | | | | | | |
| Coord. Case Management | \$ 814,207 | \$ - | \$ 814,207 | \$ 467,605 | \$ 126,430 | \$ 65,420 | \$ 154,752 | \$ 814,207 | \$ - |
| Community Supports - Adult | 6,151,810 | - | 6,151,810 | 1,404,913 | 3,832,982 | 260,867 | 653,048 | 6,151,810 | - |
| Complex Special Needs - East Region | 8,267,340 | - | 8,267,340 | 257,328 | 7,565,205 | 403,482 | 41,325 | 8,267,340 | - |
| Support Group Living Department | 7,311,502 | - | 7,311,502 | 348,663 | 6,959,682 | - | 3,157 | 7,311,502 | - |
| Central Administration - Central | 907,618 | 360,030 | 1,267,648 | 616,970 | 18,320 | 632,358 | - | 1,267,648 | - |
| Total MCSS Programs | \$23,452,477 | \$ 360,030 | \$23,812,507 | \$ 3,095,479 | \$ 18,502,619 | \$ 1,362,127 | \$ 852,282 | \$23,812,507 | \$ - |

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

For the year ended March 31, 2021

| | Revenues | Other Revenues | Total Revenues | Salaries and Benefits | Purchased Services | Other Expenses | Allocated Central Admin | Total Expenses | Surplus (Deficit) |
|--------------------------------------|---------------------|-------------------|---------------------|-----------------------|---------------------|---------------------|-------------------------|---------------------|--------------------|
| MCYS Programs | | | | | | | | | |
| C&FI Operating Non Resident | \$17,683,510 | \$ - | \$17,683,510 | \$ 413,574 | \$17,112,332 | \$ 152,934 | \$ 4,670 | \$17,683,510 | \$ - |
| Children's Case Coordination | 410,283 | 17,959 | 428,242 | 271,922 | 28,051 | 77,603 | 50,666 | 428,242 | - |
| ISC Flexfund Department | 59,000 | - | 59,000 | - | 58,270 | 729 | - | 59,000 | - |
| ASD Respite Services | 7,500 | - | 7,500 | 7,500 | - | - | - | 7,500 | - |
| Total MCYS Programs | \$18,160,293 | \$ 17,959 | \$18,178,252 | \$ 692,996 | \$17,198,653 | \$ 231,266 | \$ 55,336 | \$18,178,252 | \$ - |
| | | | | | | | | | |
| | Revenues | Other Revenues | Total Revenues | Salaries and Benefits | Purchased Services | Other Expenses | Allocated Central Admin | Total Expenses | Surplus (Deficit) |
| Other Programs | | | | | | | | | |
| Special Services at Home | \$ 30,101 | \$ - | \$ 30,101 | \$ 17,150 | \$ 12,500 | \$ 451 | \$ - | \$ 30,101 | \$ - |
| Children's Treatment Network | 463,479 | - | 463,479 | 402,607 | - | 17,360 | 43,512 | 463,479 | - |
| Kinark Child & Family Services | 294,516 | - | 294,516 | 196,453 | 62,300 | 19,383 | 16,380 | 294,516 | - |
| Social Assistance Restructuring | 362,738 | - | 362,738 | 296,118 | 3,390 | 63,466 | 20,676 | 383,650 | (20,912) |
| Reinvestment Fund Health Canada CAPC | 662,210 | - | 662,210 | 511,009 | 7,284 | 123,529 | 20,388 | 662,210 | - |
| Programs | 96,974 | 9,000 | 105,974 | 103,518 | 617 | 1,839 | - | 105,974 | - |
| FASD Program Department | 8,300 | 3,971 | 12,271 | - | 5,356 | - | - | 5,356 | 6,915 |
| Fundraising and Other Grants | 1,918,318 | 12,971 | 1,931,289 | 1,526,855 | 91,447 | 226,028 | 100,956 | 1,945,286 | (13,997) |
| Total Other Programs | \$ 1,918,318 | \$ 12,971 | \$ 1,931,289 | \$ 1,526,855 | \$ 91,447 | \$ 226,028 | \$ 100,956 | \$ 1,945,286 | \$ (13,997) |
| Total Programs | \$43,531,088 | \$ 390,960 | \$43,922,048 | \$ 5,315,330 | \$35,792,719 | \$ 1,819,421 | \$ 1,008,574 | \$43,936,045 | \$ (13,997) |