Tri-County Community Support Services
Financial Statements
For the Year Ended March 31, 2020

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Contents

Independent Auditor's Report

To the board of directors of Tri-County Community Support Services

Opinion

We have audited the financial statements of Tri-County Community Support Services (the Organization), which comprise the statement of financial position as at March 31, 2020, the statements of operations, 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, 2020, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

Other Matter

The financial statements of the Organization for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on July 29, 2019.

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 Canadian accounting standards for not-for-profit organizations, 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

Peterborough, Ontario
August 20, 2020

Tri-County Community Support Services
Statement of Financial Position

March 31	MCCSS	Non-MCCSS	Capital	2020 Total	2019 Total
Assets					
Current					
Cash (Note 2)	$ 2,016,967	$ 310,782	$ -	$ 2,327,749	$ 2,058,737
Accounts receivable	-	141,573	-	141,573	136,441
Prepaid expenses	194,655	-	-	194,655	31,669
Due to/from MCCSS (non-MCCSS) fund	(128,389)	128,389	-	-	-
	2,083,233	580,744	-	2,663,977	2,226,847
Capital Assets (Note 3)	-	-	720,806	720,806	142,796
	$ 2,083,233	$ 580,744	$ 720,806	$ 3,384,783	$ 2,369,643
Liabilities and Fund Balances					
Current					
Accounts payable and accrued liabilities (Note 4)	$ 906,889	$ -	$ -	$ 906,889	$ 982,390
Due to MCCSS	1,176,344	-	-	1,176,344	785,135
Funds held in trust	-	72,112	-	72,112	71,112
Deferred revenue (Note 6)	-	155,557	-	155,557	60,735
	2,083,233	227,669	-	2,310,902	1,899,372
Fund Balances					
Invested in capital assets	-	-	720,806	720,806	140,612
Internally restricted	-	310,661	-	310,661	-
Externally restricted	-	18,998	-	18,998	18,998
Unrestricted	-	23,416	-	23,416	310,661
	-	353,075	720,806	1,073,881	470,271
	$ 2,083,233	$ 580,744	$ 720,806	$ 3,384,783	$ 2,369,643

The accompanying notes are an integral part of these financial statements.

Tri-County Community Support Services
Statement of Changes in Net Assets

For the year ended March 31	MCCSS	Non-MCCSS	Capital	2020 Total	2019 Total
Balance, beginning of the year	$ -	$ 329,659	$ 140,612	$ 470,271	$ 429,485
Excess of revenues over expenses	-	23,416	580,194	603,610	40,786
Balance, end of the year	$ -	$ 353,075	$ 720,806	$ 1,073,881	$ 470,271

The accompanying notes are an integral part of these financial statements.

Tri-County Community Support Services
Statement of Operations

For the year ended March 31	MCCSS	Non-MCCSS	Capital	2020 Total	2019 Total
Revenue					
Ministry Funding	$ 15,259,219	$ -	$ 657,068	$ 15,916,287	$ 24,408,896
Repayable to the Ministry	(586,136)	-	-	(586,136)	(588,986)
Third Party Revenues	18,587	161,067	-	179,654	1,472,555
Fee for Service	-	43,380	-	43,380	-
Donations and Fundraising	-	567	-	567	-
Interest Income	-	85	-	85	-
	14,691,670	205,099	657,068	15,553,837	25,292,465
Expenses					
Advertising & Promotion	5,809	33	-	5,842	7,791
Amortization of capital assets	-	-	76,874	76,874	71,174
Communications	34,907	324	-	35,231	58,092
Fees and Dues	10,089	304	-	10,393	4,068
Insurance	19,926	151	-	20,077	21,200
Office Expenses	64,914	102	-	65,016	59,654
Passport	69,044	-	-	69,044	12,981,869
Professional Fees	171,787	9,625	-	181,412	172,351
Program Supplies	9,575	5,116	-	14,691	20,457
Purchased Services - IT	111,595	50	-	111,645	214,220
Purchased Client Services	25,467	64,587	-	90,054	110,651
Purchased Services - OPR	8,086,077	-	-	8,086,077	5,199,334
Quadrant Resources	463,212	-	-	463,212	567,649
Rent	239,873	4,324	-	244,197	259,029
Respite Funding	77,809	-	-	77,809	71,169
Salaries and Benefits (Note 8)	4,825,629	91,299	-	4,916,928	4,925,227
Staff Training	87,955	1,134	-	89,089	66,556
Travel	227,283	4,925	-	232,208	235,861
Urgent Response	167,494	-	-	167,494	225,304
Utilities	4,868	-	-	4,868	7,818
Reimbursed Expenses	(11,643)	(291)	-	(11,934)	(27,795)
	14,691,670	181,683	76,874	14,950,227	25,251,679
Excess of revenues over expenses	$ -	$ 23,416	$ 580,194	$ 603,610	$ 40,786

The accompanying notes are an integral part of these financial statements.

Tri-County Community Support Services
Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Excess of revenues over expenses	$ 603,610	$ 40,786
Items not affecting cash:		
Amortization of capital assets	76,874	71,174
	680,484	111,960
Changes in non-cash working capital:		
Accounts receivable	(5,132)	683,447
Prepaid expenses	(162,986)	(9,370)
Accounts payable and accrued liabilities	(75,500)	380,646
Due to MCCSS	391,209	588,410
Deferred revenue	97,005	19,679
Funds held in trust	1,000	-
	926,080	1,774,772
Cash flows from investing activities		
Purchase of capital assets	(657,068)	(59,592)
Net increase in cash	269,012	1,715,180
Cash, beginning of the year	2,058,737	343,557
Cash, end of the year	$ 2,327,749	$ 2,058,737

The accompanying notes are an integral part of these financial statements.

March 31, 2020

1 .Significant Accounting Policies

Nature and Purpose of Organization	Tri-County Community Support Services is a not-for-profit organization incorporated without share capital under the laws of Ontario. The organization provides community-based specialized clinical and support services to individuals, families, and service providers that contribute to the enhancement of the quality of life and community participation of persons with intellectual/developmental disabilities and/or Autism Spectrum Disorders.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Fund Accounting	The Ministry of Children, Community and Social Services ("MCCSS") Fund accounts for the organization's primary program delivery and administrative activities. This fund reports restricted operating resources provided by the MCCSS and certain unrestricted resources. The non-MCCSS Fund reports all other restricted and unrestricted resources beyond those related to the organization's capital assets. Internally restricted funds are a reserve of unrestricted donations and other revenue which have been set aside by the organization for future unfunded expenditures as approved by the Board of Directors. Externally restricted The Capital Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.
Revenue Recognition	The organization follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the non-MCCSS Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the non-MCCSS Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Deferred revenue and funds held in trust includes payments received in advance for programs commencing in future years. The amounts will be recognized as revenue according to the revenue recognition policies adopted by the organization.

March 31, 2020

1. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, cash and bank are reported at fair value. 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. Unless otherwise noted, management does not believe the organization is subject to significant credit, liquidity or interest rate risks.

Capital Assets

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated using the straight line method at the following rates:

	Rate
Leasehold improvements	Over the remaining life of the lease
Furniture and fixtures	5 years
Computer equipment	3 years

Amortization expense is reported in the Capital Fund.

Income Taxes

The organization is a registered charity under the terms of the Income Tax Act. Therefore, it is not subject to Federal or Provincial income taxes. The organization has met the distribution requirements to maintain its status as a registered charity.

Use of estimates

The preparation of 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 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 determination of the estimated useful life of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash and Bank

The organization's bank accounts are held at one chartered bank and earn a nominal amount of interest.

March 31, 2020

3. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold Improvements	$ 675,657	$ (196,739)	$ 196,740	$ (193,600)
Furniture and Fixtures	588,448	(425,923)	505,533	(365,877)
Computer equipment	95,236	(15,873)	-	-
	1,359,341	(638,535)	702,273	(559,477)
		$ 720,806		$ 142,796

4. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of $18,191 (2019 - $4,960).

5. Due to MCCSS

As at March 31, 2020, the organization had $1,176,344 (2019 - $785,135) payable to the MCCSS for surpluses generated in the current year as well as prior years. The payable is repaid to the MCCSS through a reduction in future funding.

The MCCSS surplus is broken down into two parts. They are Client Needs Surplus and Operating Surplus. The Client needs surplus is MCCSS funds brokered through the organization for the benefit of clients with developmental disabilities. Conversely, the Operating Surplus represents funds for the purpose of providing program services.

	2020	2019
Operating Surplus	$ 257,403	$ 222,969
Client Needs Surplus	328,733	348,693
Total Surplus	$ 586,136	$ 571,662

6. Deferred Revenue

Deferred revenue reported in the non-MCCSS Fund represent restricted operating funding received in the current period that is related to expenses of a subsequent period. Changes in the deferred revenue balance reported in the non-MCCSS are as follows:

	2020	2019
Beginning balance	$ 60,735	$ 43,238
Less: amounts recognized as revenue in the year	(45,564)	(4,197)
Add: amounts received	140,386	21,694
Ending balance	$ 155,557	$ 60,735

The deferred revenue balance is broken down as follows:

	2020	2019
Autism Fee for Service	$ 94,970	$ -
Flex Funding	60,587	60,735
Total Deferred Revenue	$ 155,557	$ 60,735

7. Economic Dependence

The organization derives a significant portion of its revenues from the Ministry of Children, Community and Social Services. The nature and extent of this revenue is of such significance as to affect the viability of the organization and, accordingly, the organization is economically dependent on the Government of Ontario as a source of funding. During the year ended March 31, 2020, 99% (2019 - 94%) of the organization's revenues were from the Government of Ontario.

8. Multi-Employer Plan

During the year, the organization started making contributions to the OPTrust Select Pension Plan, which is a multi-employer plan started in 2019, on behalf of members of its staff. The plan specifies the amount of the retirement benefit plan to be received by the employees based on length of service and pensionable pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The organization is only one of a number of employers that participates in the plan and the financial information provided to the organization on the basis of the contractual agreements is usually insufficient to reliably measure the organization’s proportionate share in the plan assets and liabilities on defined benefit accounting requirements.

The amount contributed to the plan for 2020 was $64,834 (2019 - $Nil). The contributions were made for current service and these have been recognized in net income.

9. Commitments

The organization leases office space at five locations across Peterborough, Lindsay and Cobourg. Terms of these leases span from August 2020 through August 2030 with monthly lease costs ranging from $629 for the Cobourg office to $20,489 for the Peterborough office.

The minimum annual lease payments for office space over the next five years are as follows:

2021	$	262,094
2022		275,725
2023		273,354
2024		256,958
2025		260,566

10. Financial Instruments

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 exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the organization's receivables are from government sources and the organization works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the organization will encounter 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. The organization is exposed to this risk mainly in respect of its accounts payable.

The organization’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

There have not been any changes in the risk from the prior year.

11. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.

March 31, 2020

12. Uncertainty Related to COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Organization will not be known with certainty for months to come. Specifically, the Organization may see a decrease in their third party revenues. The potential decrease in revenues could impact the Organization's ability to run certain programs, however, the Organization does not expect to see a significant impact on their operations.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Organization's future operations, financial position, and liquidity in fiscal year 2021.